Llywodraeth Cymru
Welsh Government

Welsh Government

Draft Budget 2021-22

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

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Health, Social Care and Sport Committee

Date: 13th January 2021
Venue: Senedd Cardiff Bay
Title: Scrutiny of Health and Social Services Draft Budget 2021-22

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 18 November 2020 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 2021-22 and also provides an update on specific areas of interest to the Committee.

3. Budget Overview

	2021-22
Revenue	**£m**
2020-21 DEL Baseline as@ Final Budget	8256.527
Baseline Adjustments	(2.296)
MEG allocation	420.576
COVID	10.000
MEG to MEG Transfers	(2.863)
Revised DEL as @ Draft Budget 2021-22	**8681.944**
Capital	
Indicative Baseline Budget	366.528
MEG allocation	16.000
Revised DEL as @ Draft Budget 2021-22	**382.528**
Overall Total HSS MEG	**9064.472**

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

This budget has been set at a time when our health and social care sectors are facing an extremely challenging winter period in early 2021. The NHS is treating around 2,000 patients in hospitals suffering from the effects of coronavirus, while cases are continuing to grow. At the same time, the NHS has recently embarked on the largest mass vaccination programme in its history, with the hope of ensuring population coverage by the middle of 2021. When the acute phase of the pandemic recedes during 2021, the NHS will then need to focus on responding to the long term harm that the pandemic has caused, in terms of increased waits for routine care, the impact on chronic conditions, and the impact that the pandemic and the necessary restrictions have had on mental health.

There still remains significant uncertainty of the course of the pandemic, so in this budget we have concentrated on protecting our NHS for the long term, and continuing to invest in our vision of an integrated health and care system as set out in our long term plan for health and social care, *A Healthier Wales*. We intend to make further allocations in the Final Budget to ensure the NHS has the resources it needs to continue the response to the pandemic into next financial year.

The Health and Social Services MEG contains the core revenue and capital funding for NHS Wales, as well as funding to support social care and supporting children. With a focus on protecting the health and social care sector we are investing an extra £430.6m revenue funding in the health and social care system and £16m capital funding.

Investment in NHS Wales

In 2021-22 we will invest a further **£385 million** revenue funding in our NHS, taking total NHS revenue funding to over **£8.4 billion.** This provides long term stability to the NHS 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, and continuing to invest in education and training of the future NHS workforce.

The experience of the COVID pandemic has highlighted the need for increased investment in health protection. We will provide an extra £10m to Public Health Wales to support the transformation of Health Protection Services in Wales. Building on the investments we have

already made into modernising and increasing capacity in the Public Health Wales microbiology service, this will ensure Wales has a leading edge health protection service for the long term.

We will also invest a further £25m in taking forward the vision set out in *A Healthier Wales*. We will continue our investment in preventative programmes and prioritise digital programmes. These will include national data, digital wards, prescribing and eye care and we will continue to explore further digital transformation and targeted support to maintain essential services. During the pandemic the use of technology has been accelerated across Wales, not only by embedding new ways of working but by improving access to healthcare advice from homes. These new ways of working are providing services out of the hospital setting and show how digital technology can empower patient care.

Capital

The NHS capital budget for 2021-22 will increase by £16m to £383m, and will be invested in infrastructure to support the delivery of sustainable and accessible high quality services and to take forward the transformation of healthcare provision. This funding represents a 4% increase over the baseline budget for 2020-21.

Capital investment next year will include the continuing redevelopment and modernisation works at Prince Charles Hospital along with the completion of the neonatal works at Glangwili Hospital.

At an all Wales level, this budget also provides for national programmes focusing on priority investments across imaging and diagnostic equipment, decarbonisation, mental health, hospital infrastructure as well as supporting digital and informatics developments.

Funding linked to decarbonisation initiatives for 2021-22 will focus on a range of areas including LED lighting and renewable energy installations. Schemes that can deliver significant carbon reductions will be targeted through joint working with the Welsh Government Energy Service and the Carbon Trust.

As well as schemes within the acute sector, the capital budget includes the continued investment in the delivery of 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.

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

The detailed budget published on December 21st 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.

5. Local health boards' financial performance

My Written Statement on 6 July set out the financial performance of NHS organisations at the end of the 2019-20 financial year. It also set out the action I have taken to remove the burden of future repayment of cash support and deficits from those organisations that are not in financial balance, to support their future plans as they emerge from the pandemic.

COVID has inevitably impacted on the financial performance of NHS organisations in 2020-21. It is important to note that the funding model Welsh Government have maintained for NHS Wales, based on the evidence set out in the Nuffield Trust (2014) and Health Foundation (2016) reports, is that financial sustainability of NHS Wales is achievable through a combination of annual real terms growth funding and annual delivery of NHS efficiency of at last one percent each year. The need for the NHS to respond at pace to the significant impact of COVID has meant that normal efficiency programmes were inevitably paused, and this will have an impact on NHS underlying positions going forward.

Recognising that decision-making had to be undertaken at pace during March and April to put in place the necessary interventions, my officials took rapid action at the beginning of the emergency period to ensure that sound processes of financial governance and management were secured from the outset by NHS organisations. The Director General of Health and Social Services issued Accountable Officer and financial guidance to Chief Executives on 30th March outlining key considerations in taking urgent decisions in a pandemic environment, in line with the standards of ‘Managing Welsh Public Money’.

Officials, with support from the Finance Delivery Unit, established additional financial monitoring arrangements early in the financial year to ensure that the impact on baseline NHS financial plans could be captured and carefully monitored. A detailed analysis of direct cost impacts, efficiency delivery impacts and offsetting resource savings was developed. Financial monitoring processes have sat alongside the quarterly planning processes, ensuring that they validate the financial planning assumptions underpinning the operational and workforce plans.

In addition, bespoke and specific financial reporting exercises were introduced across the system to key interventions, including workforce, PPE, Test, Trace and Protect, Field Hospitals and the mass vaccination programme. This included developing rapid detailed modelling and detailed reporting in key areas such as PPE where systems were not in place prior to the pandemic at the required breadth and scale.

The response also required significant repurposing of the capital programme. This has resulted in c.£104m of the programme being directed towards schemes including the early opening of the Grange University Hospital, the additional testing laboratory and equipment for Public Health Wales and digital enabling investments across Wales. The £33m additional 400 bedded surge

capacity on the University Hospital of Wales site has been fully supported from a capital perspective through Strategic Budgeting.

Within Welsh Government, my finance team have worked closely with finance and budgeting officials from other portfolios and with Welsh Treasury and central finance staff. Senior health officials have attended weekly internal finance and budgeting meetings which have ensured robust communications across Welsh Government and ensuring consistent advice to Ministers. In addition, health officials have worked with Welsh Treasury officials to engage with UK Government departments to understand the financial implications of policy development within England on Wales, and to secure appropriate consequential funding.

We have also ensured that the NHS Wales approach is in line with other nations, through regular dialogue and sharing of approaches and assumptions with colleagues in NHS Scotland, Scottish Government, the Northern Ireland Executive and the Northern Ireland Health and Commissioning Board.

Despite the need for a significant and rapid operational response to the emergency, we have maintained a focus on financial performance throughout the duration and looking forward to the end of the financial year. The additional funding announced by ministers in August has allowed us to stabilise the financial position, taking account of the planned deficits that were being managed through the planning process prior to the pandemic. With the inevitable caveat that we cannot predict with any certainty how the pandemic will continue over the next few months, our current assessment is that the funding that has now been allocated in the First and Second Supplementary Budgets will be sufficient to manage the ongoing NHS response to the year end.

6. Future delivery of health care

Details of how Welsh Government is supporting the delivery of more routine care, and addressing the backlog of treatment which is a consequence of the pandemic.

Through a programme of annual investment in performance, we saw year on year improvement in volumes of long waiting patients from 2016 to the lowest point in 6 years in March 2019 (8,985 patients waiting over 36 weeks). A combination of reduced staffing capacity due to the implications of tax changes in 2019/20, and, more significantly, the reduction in capacity because of the pandemic, has seen this trend reverse sharply. By September 2020, the number of patients waiting over 36 weeks had increased by 159,959 since March 2019, with just under 169,000 patients now waiting over 36 weeks.

To put this into perspective, the reduced capacity in 2019 because of tax changes and some COVID impact led to an additional 19,309 patients waiting over 36 weeks. The COVID

pandemic as of September 2020 has resulted in an additional 169,000 patients waiting over 36 weeks.

The significant backlog created in these eight months is likely to continue to grow to March 2021, and beyond. The continued growth being due to both the constraint in capacity, caused by necessary measures to reduce the risk from COVID, and referrals returning to normal levels. Priority for the available resources is urgent patients (including cancer), and those identified as at immediate risk from further waits. This targeting of resources results in minimal impact on routine waits and growth of the backlog in long waiters. The current inability to increase resources significantly, in particular staff, and the estate, constrains the NHS's ability to increase capacity at pace to make any real impact on reducing the backlog.

Addressing the backlog will require a balance between the clinical priority of the patient, the need to treat our long waiting patients as soon as possible, and an awareness of the capacity constraints, particularly staff who have been so hard pressed in dealing with the COVID pandemic. For this reason, we plan to address the backlog through a phased approach over four years, with a mixture of local, regional and national solutions. The option to reduce the recovery period will depend on the available delivery solutions identified as deliverable for Wales.

Significant progress in redesigning services models has commenced during COVID in line with *A Healthier Wales* and the primary care strategy to support movement of services appropriately to the community, promote self- management and joint working between primary and secondary care.

Cancer Services

In line with the Essential Services framework, Health boards have tried to maintain cancer services during the pandemic and have responded extremely well to innovative approaches such as embracing virtual appointments, straight to test and the implementation of FIT testing.

The number of referrals dipped considerably at the start of April (by around 70%) and are now back to normal levels. The evidence suggest that patients have been reluctant to come forward, consequently, cancer referrals are around 18,000 less (October 2020) than we would expect. Assuming that around 25% of these have received treatment elsewhere or no longer require treatment, it is estimated that there are at least 13,500 people with suspected cancer that may be referred at some point in the near future. It is clear, that this number coupled with increasing backlogs at health boards due to diagnostic pressures will take considerable time to clear. Our best estimate is that operating at normal capacity it may take 132 weeks to see and review the additional volume of patients, which we believe is unacceptable. Therefore, we intend to

develop and implement a three-year plan incorporating diagnostic and treatment transformation. We intend to confirm funding for this plan for 2021-22 before the start of the new financial year.

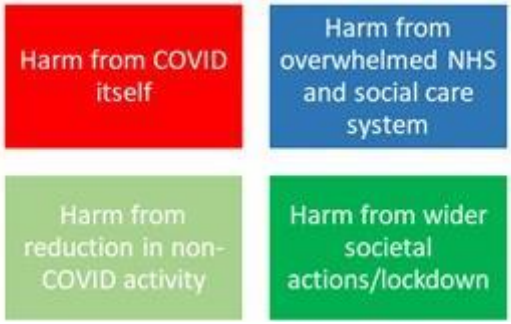
7. Well-being of future generations

Prioritise prevention/early intervention in Health and Social Care

Our focus in this budget is to protect the Welsh population by continuing to invest in our core NHS services for the long term. We are also continuing and increasing our investment in sustainable social services. Ensuring the long term stability of our health and care services is our priority for preventative investment in this budget.

The NHS Planning Framework, which is also the Minister's Direction to the NHS, always seeks to align with the Wellbeing of Future Generations Act and to continue to strengthen how organisations work to deliver their plans using the five ways of working. Since the beginning of the pandemic there has also been a strong focus on the **four harms** that have been the key quality context within which services and care must be provided.

All four harms are relevant to the well-being of future generations but the need to prevent harm "from wider societal actions/lockdown" also provides a broader and longer term context to planning and investment in health and social care.



The NHS Planning Framework sets an expectation of a broad approach to prevention to be applied in all aspects of planning. This is supported by Welsh Government policy that is set out from a perspective of prevention, whether that is a more traditional public health perspective or in unscheduled care or planned care. Health Board Integrated Medium Term Plans, for example, also considered prevention in terms of models of care and decarbonisation including active travel schemes.

Preventative approaches to all physical and mental health and wellbeing will ultimately avoid escalation of conditions and illness. Opportunities for investment must be considered that will support future generations and inform future service provision. We have sadly learned throughout this public health crisis that those with underlying conditions have suffered

disproportionately. Learning from COVID should provide foundations for the implementation of preventative initiatives that can make an impact on reducing all four harms.

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.

Support sustainable, longer term funding of Social Care Services

The Inter Ministerial Group on Paying for Care has been looking at long term options. Our officials have recently provided technical briefing to the Finance, Health and Communities committees

Clearly the financial environment has changed significantly over the last number of months. We are also keen to understand the UK government's developing position on social care funding. Welsh Ministers have always favoured a UK solution of these matters, but we have been working in the Inter Ministerial Group in the knowledge we may need to forge our own path.

The capital limit used in charging for residential care was raised to £50,000. As a result residents can retain up to this level of their capital without having to spend this on their care. A maximum charge of £100 a week for domiciliary care was introduced on 6 April 2020 so as to complete this commitment

Promote integration of Health and Social Care Services

A Healthier Wales is the long-term plan for health and social care in Wales. Two years on from the launch of the strategy, and in the context of COVID, we are reviewing the 40 priority actions.

The Integrated Care Fund (ICF) and Transformation Fund (TF) have continued to deliver integrated health and social care services across Wales and have been used as a mechanism for additional resources to support the COVID response

Transitional funding for the ICF and TF will continue in 2021-22.

£89m ICF revenue and £40m ICF capital, together with £50m revenue for TF and £10m for Transformation Programme (TP). The focus of the next phase of the TF and ICF projects will be on moving successful integrated approaches from projects towards core business and core health and social care funding. Communities of Practice have been established to share best practice and experiences and to consider successful models of care as envisaged by AHW. These started with Hospital 2 Home services and will now continue on the themes of Place-based care; Emotional and Mental Health Services; and Technology Enabled Care.

Up to the COVID emergency, partnerships were making progress on joining up services, scaling up models of care and investing in specialist accommodation, innovating whilst building on

lessons past. During the COVID emergency, Regional Partnership Boards (RPBs) and the services they have developed have shown that partnerships have the strength and agility needed to respond to health emergencies in a cohesive manner.

Most notable has been the hospital to home projects (rapid discharge) and admission avoidance models developed through the ICF and TF that have provided an essential service during the COVID 19 response. The ICF Capital programme has pivoted resources to support intermediate care and reablement, and facilitate hospital discharges. These projects were and are fundamental for hospitals in terms of the capacity and the resources required for the COVID 19 response and have been accelerated significantly. The majority of ICF projects and services continued or were modified during the crisis.

RPBs have refreshed their ICF revenue investment plans for 2020-21 to ensure the care and support needs of their populations are met through the development of integrated services.

RPBs are taking forward integrated projects/services funded from the additional £10 million to support hospital discharge services for COVID patients.

Another essential element of the response has been the use of digital technology to support new ways of working and caring for people. Nearly 100,000 video consultations have taken place across the Attend Anywhere platform. 3,000 NHS clinicians and 207 care home teams have been trained to use the programme, and over 90% of users rated the programme good or excellent. We are running pilot schemes to determine if the service could be rolled out further to pharmacy, dentistry and optometry.

To complement Attend Anywhere, Digital Communities Wales has procured electronic tablets to support care home residents across Wales. This has helped people to maintain a family connection and access vital health services during the pandemic. In the first phase, 1,051 electronic tablets are being provided to 584 care homes. Over 380 front line staff have been trained to support residents in using the digital technology.

Ensure a sustainable health and social care workforce

As part of *A Healthier Wales,* Health Education and Improvement Wales (HEIW) and Social Care Wales (SCW) jointly led the development of a workforce strategy for health and social care in partnership with key stakeholders across Wales. The strategy was launched in October 2020. Among the aims of the strategy is to develop a sustainable and healthy workforce in health and social care. HEIW and SCW have set out the priorities over the winter period in a delivery plan designed to support the Winter Protection Plan and wider health and social care system. Further details on funding for Social Care Wales are later in the paper.

In December 2020, we agreed the NHS Wales education commissioning and training plan for 2021-22, supported by a total investment of £227.901m, an increase of £17.5m from 2020-21.

This is a record level of funding and will increase workforce supply to ensure a sustainable health and social care system, as set out in *A Healthier Wales*.

Reduce and Control Spend on Agency Staff

The Welsh Government worked collaboratively with health boards and trusts to design of a control framework for expenditure on agency and locum staff including increasing board level scrutiny, minimising their deployment and improving value for money through capping rates and more effective procurement. The control framework was issued in health circular WHC/2017/042 addressing the impact of NHS Wales Medical Agency and Locum deployment in Wales, which came into effect in November 2017 and was designed to work alongside the All Wales Framework Contact for Agency Nurses which was introduced in April 2017 and designed to deliver better value for money through economies of scale.

Despite some 6% increase in workforce numbers between June 2019 and June 2020, COVID has had a significant impact on the need for workforce and experienced staff working additional hours via agencies has provided a valuable contribution to the Wales wide effort. Earlier ground work to improve the value for money of agency deployment through framework contracts will have delivered better value for money for this investment. Nonetheless, agency expenditure has increased as part of our investment in additional staff throughout this year.

Forecast spend on locum and agency staff in 2020-21 is £195m, compared to an outturn of £177m in 2019-20, and increase of 10% in year. However, it should be noted that this expenditure remains highly volatile, and the outturn for 2020-21 may be significantly different from current forecasts.

Reduce health inequalities, and ensure fair access to health and care services in rural areas.

Reducing health inequalities across Wales, including rural areas, remains a Ministerial priority and the COVID pandemic has brought reducing health inequalities into even sharper focus.

Rural areas often depend on wider collaborative arrangements for delivery of care and services for its patients and to create equity of access. For example Hywel Dda and Powys health boards have developed strong relationships with partner health boards to ensure patients have access to the services they need.

Technology enabled care and digital innovation, including video consultations and remote working, have become an integral part of primary, secondary and community care, supporting people in receiving care and advice safely in their own homes. For those patients and their families, who live in rural parts of Wales, this has been especially welcome, reducing time and travel costs.

8. The impact of COVID on allocations

Details of how the pandemic has influenced allocations to budget lines within the Health and Social Services MEG, including examples of any changes made to allocations within the Draft Budget from previous years as a result of COVID.

The Health and Social Services MEG has had gross additional funding totalling £1,442m in the first and second supplementary budgets for 2020-21 to support the NHS and social care responses to COVID. Further funding for the mass vaccination programme is due to be allocated in the third supplementary budget. This additional funding is partially offset by the non-recurrent contribution of £114m the MEG made to the central COVID reserve in the first supplementary budget.

Welsh Government has received £766m in total in the Spending Review for 2021-22 as a result of COVID related spending in England. In order to ensure that any decisions on the allocation of this funding best meet the evolving challenges presented by the pandemic, it is prudent to retain as much flexibility as possible now and allocate funding at final Budget as we better understand the impact of the winter months on the spread of the disease. Confirmation of funding for the ongoing health and social care response will be confirmed before the beginning of the new financial year, ensuring that ongoing interventions are able to continue.

In order to ensure that we are able to continue effectively dealing with the current and projected cases of COVID, and maintain an operation that can maximise its ability to help reduce transmission rates, £10m will be allocated initially to sustain the contact tracing workforce. It is important that the contact tracing workforce is maintained through 2021 to have the capacity to investigate and trace new positive cases and close contacts, and to cope with any future peaks in cases. This investment will significantly help with regional recruitment and workforce planning for what is a central part of the Government's strategy to restart the economy while containing the spread of the virus.

9. Transformation

How the Welsh Government intends to support service transformation in the longer term (i.e. beyond the life of the current Transformation Fund), to ensure progress on the transformation agenda can be sustained, and that there is a focus on rolling out the learning from successful pilots;

• How this budget will support the development of a 'whole system approach', with greater integration of health and social care, as described in A Healthier Wales;

• Any other specific areas of funding targeted at support for service change or development;

• How the Welsh Government, in setting its budget, will balance the need to meet existing service pressures with the need to transform services and develop new models of care.

The Transformation Fund (TF) is one of the key funding mechanisms to support the implementation of *A Healthier Wales* launched in summer 2018. The fund's key objective is to enable the scaling of new models of seamless local health and care to regional and in some cases national footprints, and thereby change the way health and social care are delivered in Wales.

The COVID emergency has had a significant impact on transformation projects. Officials have been working closely with regional teams to enable flexibility so that projects were able to contribute to the response. This resulted in reprioritisation and projects in the categories of hospital-to-home, stay-well-at-home, and digital categories were accelerated, whilst other efforts that were less directly relevant to the response but important to system transformation were postponed or slowed down.

The Transformation Fund has been extended by twelve months and £50m to allow regions to recover their transformation activity and project delivery, which has been paused due to the COVID emergency. Funding profiles have been confirmed to delivery partnerships to support delivery and sustainability planning, as well as a managed approach to ending time-limited contracts for some project staff. The total allocated is less than the full TF budget for 2021-22, to allow for targeted support to scaling existing regional projects to multi-region and national coverage, particularly approaches which contribute to COVID recovery. This will also include consideration of outputs from Communities of Practice which have been developed as a part of the TF approach.

Welsh Government is working with regional partners to shape options for a future programme for RPBs, beyond April 2022. This reflects a commitment in *A Healthier Wales* to align funding streams and activity to maximise impact and to provide more co-ordination and coherence to strategic transformation funding across health and social care.

Transformation funding is time limited and all Regional Partnership Boards (RPBs) have been required to develop business cases to support the priorities for on-going investment and how these services will be sustained going forward. All RPBs have submitted their plans to Welsh Government and received feedback on sustainability and impact on outcomes, which will be reinforced through conditions in 2021-22 funding letters.

Evaluation is a central part of Transformation Funding with a framework and measures agreed at the start of delivery and tested through an independent mid-point evaluation. Evaluation requirements have been reviewed to reflect the impact of COVID on timetables, and to capture the impact of COVID response on delivery and outcomes. All RPBs will be required to submit an updated independent evaluation report by end of April 2021, followed by a final report in April 2022. These reports will also inform the publication of two further national evaluation reports.

In order to share experiences and best practice across RPBs a number of thematic Communities of Practice (CoP) are being established. These themes include Hospital 2 Home services; Place-based care; Emotional and Mental Health Services; and Technology Enabled Care.

The CoPs involve practitioners and project delivery managers and aim to:

- bring together teams working on similar models across Wales;
- share progress and learn from each other through joint activities and discussion;
- support the scaling of new models of care across regions;
- provide examples of best practice approaches from the UK;
- contribute towards the future priorities in delivering A Healthier Wales.

The first CoP was established in July 2020 to focus on Hospital 2 Home Services and has been jointly hosted with the Social Care Institute for Excellence (SCIE) and the NHS Wales Delivery Unit. Learning from this first CoP will be used to shape further CoPs in other thematic areas, during 2021.

As we move into the final year of the fund, the Transformation Fund team will continue to work closely with regions to support their delivery and ensure that expenditure and delivery remain on track. Funding will be kept under close review.

By providing additional funding in this structured and nationally managed way we are able to support regions to design and test new services and models of care over a relatively short period of time, then to embed successful projects into business as usual, replacing historic approaches.

Transformation Fund Opportunity

The Transformation Fund's structured approach to supporting "new models of seamless local health and care" through transformation funding has been developed and refined over the past two years. This approach has previously been limited to RPBs, but we will consider how this can be used to support rapid introduction and scaling of new ways of working required in health as part of our stabilisation and reconstruction following COVID. The transformation fund process, governance and evaluation (including Communities of Practice) would be replicated

with a tighter focus on health and hospital challenges and through targeted funding to LHBs specifically. This work would also draw on reviews of COVID response and opportunities such as the NHS Innovation Study which is due to be published in January 2021.

Innovation

We continue to invest strategically in areas that will support and improve services through applied research and innovation, supporting initiatives that seek to systemically spread and adopt new ways of working and models of care.

The Bevan Commission **Innovation Exemplars** and the complementary **Health Technology Exemplars** programme delivered in partnership with WG support NHS Wales' staff to work collaboratively with industry to implement innovative health technology. These programmes aim to improve NHS Wales ways of working, solving health problems and improving health outcomes; and to provide a mechanism to develop, accelerate the scale up and widespread adoption of innovative health technology products and services.

An all-Wales network of **Research, Innovation & Improvement Co-ordination Hubs (RIICHs)** was established in 2019 , tasked with bringing together all research, innovation and improvement activity within their areas, undertaking a coherent analysis of this activity with a focus on identifying good practice, lessons learnt from successful pilots, and new ways of working / new models of care that are affordable and sustainable.

To help maintain progress and ensure learning is systemically spread and adopted, Welsh Government has supported focussed **Intensive Learning Academies**, a key commitment within *A Healthier Wales*. High quality, professional leadership will be a critical part of the success and resilience of health and social care integration in the future. These academies will play a key role in the development of competent leaders that understand the importance of joint leadership and the strategic and professional development needed to support it. Three academies will be live from April 2021: Applied Learning for Preventative Health Academy; Value Based Health & Care (VBHC) Academy; All-Wales Academy for Innovation in Health and Social Care.

10. Primary care and care closer to home

The budget allocated for primary care services, and how this compares to amounts allocated in the last three years.

We continue to invest in primary care through the delivery of the Primary Care Model for Wales, and in 2021-22 will build on the agreed investment provided in 2020-21 for the primary care contracts.

Planning and implementing the rebalancing of the health and wellbeing system is complex and cannot simply be tracked in terms of budgets and recording of expenditure, but through demonstrating the shift of services being delivered in both primary and community settings. We will continue to support health boards to strengthen their whole system planning through the IMTP process.

Our definition of primary care is broad as set out in the Primary Care Model for Wales. As well as those services contracted from GPs, dentists, community pharmacists and optometrists, our definition also includes the wide range of services, care and support for people's health and wellbeing in the wider community.

The NHS Health Board accounts for primary care report spend for the last 3 years of:
2019-20 £947.338 million
2018-19 £911.739 million
2017-18 £876.346 million
These figures exclude GP prescribing and are net of dental patient changes recovered

To what extent is this achieving the policy aim of shifting care from hospitals to primary care/community settings?

The Welsh Government allocates significant funding to health boards. The majority of this funding is unhypothecated and therefore is not a robust measure for tracking the rebalancing of the system in line with the vision in *A Healthier Wales* of more preventative care closer to home.

New service delivery models such as 111, phone/contact first and the Urgent Primary Care Centres emphasise the urgent primary care agenda which works at the interface of primary and secondary care, breaking down service boundaries on the path to delivering *A Healthier Wales*. This year:

- We have supplemented the 'top sliced' investment in WAST/111 in 2020/21 for the development of the transformative 'contact first' model. This model seeks to signpost patients who want or need urgent advice or an assessment to the right place, first time to optimise experience and outcome. The model will enable booking of patients into emergency department slots over the course of the day to reduce crowding, and navigate people to GP and community services, reducing unnecessary demand on busy emergency care services. An evaluation is underway. Agreement on recurrent funding for 2021/22 and 2022/23 is required at an early stage to enable extension of workforce contracts and recruitment of call handlers and clinical staff to furnish the model.

- Health Boards have been allocated funding to support development and delivery of 24/7 urgent primary care centres in 2020/21. This model will be staffed by a combination of

physiotherapists, GPs, ANPs, APPs and other clinicians able to safely assess and treat patients with urgent care needs in their community, without needing to access the emergency department. This aligns closely to a Healthier Wales and the desire to shift resources to the community, enabling people to be assessed and treated close to home and only present at hospital if essential.

- An evaluation will be undertaken to understand how successful the centres have been over the winter period in terms of managing patients with urgent care needs, value for money, staff experience and other key success factors. This evaluation will contribute to the design of a national 24/7 urgent primary care model. Agreement on funding for 2021/22 at an early stage is required to roll over staff contracts into the new financial year and to enable proper evaluation of the model over a longer period.

The Contract Reform Programme, underway in Primary Care, has a focus on enabling appropriate services to be moved away from secondary care delivery to a community based approach. Taking learning from approaches in Optometry in Aneurin Bevan is key to that progress and it is clear that where services shift, resources will need to follow. This does not come without difficulty and we continue to manage that interface. However, the flexibility within HB funding means they have a degree of discretion in terms of directing funds – particularly evidenced during the COVID response. Through reforming and strengthening contract arrangements, we aim to facilitate the shift towards more community based care. Our approach to delivery of the COVID vaccine will see us contracting this service to all four providers for the first time, which will not only strengthen skills and resilience in vaccine delivery as a whole but also offers a significant learning point on contracting on a Primary Care wide basis which in turn will inform future funding arrangements for the service as a whole.

There are a range new models of care being rolled out across Wales enabling care at or close to home. Examples include:

- the Attend Anywhere digital platform which enables people to have phone and video consultations with health professionals
- Consultant Connect which enables primary care professionals to seek phone advice from hospital specialists to support people to stay well or access care at home
- Virtual group consultations to provide advice to people on how to manage their long term health conditions
- Urgent primary care centres in local communities to provide same day access
- Increased capacity of community rehabilitation support (the 4 discharge to recover and assess pathways)

11. Social care

The planned allocation for social care:

Social Care Workforce grant

As part of the funding to support *A Healthier Wales* we increased the Social Care Workforce grant by £10m to £40m in 2020-21. Given the significant pressures facing the sector as a consequence of the pandemic and in line with previous uplifts, this has been increased to £50m in the draft budget for 2021-22. In 2019-20, and 2020-21, local authorities used this funding to support the delivery of sustainable services and the sustainability of the workforce. For example some local authorities have previously used part of this funding to support providers in the independent sector to meet uplifts to the statutory living wage.

Social Care Wales

Social Care Wales will continue to have a critical role in 2021-22 by supporting the improvement and well-being of the social care sector; continuing the expansion of the social care workforce register; and supporting the sector and workforce to stabilise and recover following the COVID 19 pandemic and EU Exit.

In 2021-22 the Grant in Aid Core Funding to Social Care Wales will increase by £2m to £22.383m. This will enable Social Care Wales to deliver its statutory functions as set out in the Regulation and Inspection of Social Care (Wales) Act 2016 and to fulfil its remit for leading improvement across the social care sector in Wales.

In 2021-22 there will be three key areas that this funding will support:

1. Increased costs due to the expansion of statutory regulatory regime – including the planned expansion of the registration of the social care workforce.
2. Supporting the stabilisation and recovery of the social care sector through delivery of the Workforce Strategy
3. Implementation of research and data strategies, and ongoing work to support service transformation, including the delivery of the Social Care National Data Strategy

The increased work programme is critical to ensure that Social Care Wales is able to continue to meet the needs of the social care sector and workforce post COVID 19, and continue to deliver its functions to support well-being and improvement.

Third Sector Support

We will continue to support Third Sector organisations operating in Social Care by allocating an additional £1.5m in 2021-22. In 2021-22 we will be moving into the second year of the three

year Sustainable Social Services Third Sector Grant. £0.89m is being added to the grant for 21-22 to meet the increased project costs as the projects develop into year two. Over the three years, we will be increasing the total commitment on this grant by £4.9m, bringing the total investment up to £25.9m. Projects have been refocussed in response to the pandemic projects to deliver in the current situation and to respond to needs of people needing care and support or carers needing support arising from the pandemic.

A key requirement of the funded schemes 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 third sector organisations funded through the Sustainable Social Services Third Sector grant funding is being provided to Third Sector organisations whose activities are essential within the Social Care sector and for organisations that support specific social care policy priorities. In total funding of over £11m will be awarded to Third Sector organisations operating in the Social Care sector.

Any additional funding identified for 2021-22, and details of the targeting – where appropriate - for such funding;

We are investing £0.576m in Foster Wales. Recruitment of foster carers is key to the success and development of local authority fostering. It was identified that a requirement to achieve this goal would be the development of an “all Wales brand for Local Authority fostering”, a consistent national brand for Local Authority fostering that reflects the strengths and personalities of the 22 Local Authorities - ‘Foster Wales’ is this brand. Foster Wales presents an opportunity to rebalance service provision, address demands, and improve quality of placement choice for children. Foster Wales will

- increase local placement accessibility, sufficiency, and choice. Giving control back to the local authorities to make best use of those placements when *they* need them, reducing the reliance on third parties and removing placement blockage.
- enable services to meet the evolving needs of children and families. Recruitment campaigns will be targeted to meet service needs.
- facilitate the recruitment of a new pool of foster carers. Recruitment and training can be focused to develop skills in reunification work, complex needs and parent and child fostering.
- enable children who need a foster carer to have access to the right foster carer, at the right time and in the right location

An investment of £0.319m was provided during 2020-2021 to 'kick-start' the campaign by providing the infrastructure for the campaign. During 2021-2022 £0.576m will be invested to further support the roll-out and implementation of the Foster Wales brand.

Support for ensuring the ongoing viability and stability of social care services, including residential and domiciliary care;

The Inter Ministerial Group on Paying for Care has been looking at long term options. Our officials have recently provided technical briefing to the Finance, Health and Communities committees

Clearly the financial environment has changed significantly over the last number of months. We are also keen to understand the UK government's developing position on social care funding. Welsh Ministers have always favoured a UK solution of these matters, but we have been working in the Inter Ministerial Group in the knowledge we may need to forge our own path.

• ***Support for carers.***

In 2021-22 we will continue funding to support activity that takes forward our three national priorities for carers, allocating £1.245m. This includes £1 million to local health boards and their carer partnerships, for a range of activity to support carers of all ages and covers any new activity which they felt necessary to help carers in their areas manage the impact of the pandemic. We will also allocate £0.236m to the ongoing work of the National Young Carer's ID card project, which is co-produced with Carers Trust Wales and local authorities. In addition to this there are projects within the Sustainable Social Services Third Sector grant that will help improve carers' awareness of their rights, but also support broader cultural and structural changes for the future, in terms of service design, delivery and training of health and social care professionals.

12. ICT

An up to date assessment of the costs of delivering the Welsh Government's vision for digital and data, as described in A Healthier Wales, and including increased support for digital and virtual care.

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 £50 million per year was made available across 5 priority areas, linked to stronger delivery and leadership arrangements. The five areas were:

- 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 were completed in 2019, assessing capability against the vision for digital and data set out in A Healthier Wales. Recommendations from these reviews informed decisions on the future configuration of digital health and care, which was confirmed by Welsh Government in September 2019. This work includes establishing a Chief Digital Officer for Health and Care, transitioning NWIS to a new Special Health Authority, a new governance framework for digital health and care, a strategic infrastructure investment plan over several years, and four further strategic reviews.

Assessment of the costs of Digital Transformation

At the strategic level, our assessment of the costs of delivering digital transformation draws on work by the Public Accounts Committee and Wales Audit Office, on comparability with the level of investment in other parts of the NHS (set out in recent reviews of digital transformation in NHS England by the National Audit Office and House of Commons Public Audit Committee), and a realistic assessment of the speed at which investment can be increased in Wales.

The digital response to COVID has demonstrated how targeted transformation can be delivered very quickly, but has also highlighted that there are capacity limits in our digital delivery infrastructure. Ministerial commitments from 2019 on new structures and additional investment reflect the need to develop capacity and capability alongside increases investment, in parallel with each other.

At the operational level, our assessment of costs draw on forecast costs of individual strategic transformation programmes, and estimates of infrastructure investment. This assessment is continually reviewed and available resources are prioritised to essential transformation and infrastructure investment, for example to address network capacity and to replace ‘legacy’ equipment and systems which are still in use beyond their intended life.

Based on our current assessment, we are increasing our support for digital and virtual care in two ways.

- We will allocate an additional £10m to support the set-up of the new NHS Wales Special Health Authority for Digital, which will support the expanded delivery of national digital services, including several systems which are essential to COVID response and reconstruction, and also significantly enhance capacity for national digital infrastructure.

This is needed to support increased remote working and virtual consultation, and to maintain the resilience and cyber security of our networks.

- Transformation funding through the Digital Priorities Investment Fund will increase from £50m to £75m, to maintain the pace and scale of the digital changes we have seen as part of COVID response, to transition COVID response services to business as usual where they offer lasting value, and in particular as part of COVID recovery and reconstruction.

This additional investment will also develop the capacity and capability of the digital workforce and our digital delivery structures, including the establishment of a new digital Special Health Authority, a Chief Digital officer for health and Care and supporting office, and transition to new governance and decision making arrangements for digital health and care.

Digital and technology enabled working will be an essential part of new ways of working required urgently to address backlogs and waiting lists and to support continued shift from hospital as seen through Transformation Fund projects delivered by RPBs.

Digital Transformation Funding

Since 2019-20 the Digital Priorities Investment Fund (DPIF) has initially prioritised investment towards replacing infrastructure and devices which were beyond end of life, and to essential strategic programmes including the Welsh Community Care Information Services (WCCIS) Programme, and a new National Data Resource (NDR) Programme, and enhancements to digital cancer informatics services. Most DPIF funded programmes are strategic multi-year investment programmes.

The DPIF has been rapidly deployed to support key elements of COVID digital response, including mobile devices, remote working, video consultation, and increased network bandwidth. This has inevitably had an impact on the amount of funding available for digital transformation investment which was planned before COVID, including strategic infrastructure investment. Even so, DPIF has continued to support active programmes and essential investment, and has also supported some new programmes which are linked to COVID response or recovery, such as new digital systems for Intensive Care, which are a key part of COVID response.

Funding for NWIS / Digital Health & Care Wales

NHS Wales Informatics Service (NWIS) is the national digital delivery service for NHS Wales, currently hosted within Velindre NHS Trust. From April 2021, NWIS functions are planned to transfer to a new NHS Wales Special Health Authority (SHA), to be known as Digital Health and Care Wales (DHCW). The DHCW establishment programme has reviewed the additional costs of operating as a Special Health Authority, including for example a chair and board members,

executive directors, and additional corporate governance overheads. These additional SHA costs are approximately £2.0m. Welsh Government are working with NWIS to confirm the future core funding requirement for the delivery of national digital services, including a transfer from capital investment in equipment and infrastructure to revenue costs of cloud hosted services and subscription licence models.

We expect digital transformation to be a major element of COVID recovery through 2021 and 2022, as part of rapidly shifting to new ways of working which use technology, data and digital. These new ways of working must drive efficiency and scale to address backlogs and waiting lists, should aim to reduce face-to-face contact and hospital pressures, and will need to do that without increasing demand for healthcare staff. It is important that the new digital Special Health Authority is adequately resourced to lead the delivery of these new services. We will invest the funding necessary to ensure the new organisation is established with a stable recurrent baseline allocation.

COVID19 Digital Response

The digital response to COVID has been delivered at an accelerated pace, with several all-Wales programmes deployed nationally in 6-8 week cycles. These include:

- An all-Wales video consultation service, led by the Technology Enabled care Programme and supported by NWIS. Since March over 86,000 virtual consultations have taken place and more than 12,000 professionals have been given access to the service which is now available across over 100 specialties in Primary, Secondary and Community care and is being extended to Dental, Community Pharmacy & Optometry. User feedback from clinicians and patients is overwhelmingly positive.

- Significant investment in mobile and remote working has involved support for devices, increased network bandwidth, capacity and resilience, and specific remote working services. This has included an all-Wales deployment of Microsoft Teams and Office 365 in April and May, and remote desktop access for all GPs in Wales. Remote working capability for all staff has enabled clinicians to work from home when self-isolating and has underpinned all of the close partnership working between Welsh Government, NHS Wales and other partners.

- An all-Wales digital contact tracing platform was commissioned developed and deployed by NWIS in less than 40 days in April and May and has enabled local teams to work together as part of a national system. This has delivered notably better performance outcomes than the contact tracing service in England.

- An all-Wales digital vaccine platform has been developed in house as an enhancement of the existing Wales Immunisation System (WIS) and went live in early December. On day one

Wales delivered a total of 1500 vaccines, all digitally recorded, compared to England's delivery of 5000.

• Extensive work has been undertaken to integrate all-Wales digital testing services, building on the existing national Welsh Laboratory Information Management Service (WLIMS). This has ensured that all tests undertaken in NHS Wales labs are immediately reported into contact tracing services and could be reported into the NHS COVID App from launch, unlike England, which had a delay of several weeks before NHS test results were available to App users. WLIMS also ensures that all COVID test results are made available to GPs in Wales as part of the primary care health record. WLIMS was upgraded nationally in early December to provide enhanced functionality and capacity, enabling it to handle increased COVID testing volumes.

Digital response to COVID has been achieved at a relatively modest cost (compared to total COVID expenditure) of less than £30m, with around £10m of that invested in devices and equipment which will have at least a 2-3 year life. We will build on these examples of rapid and effective all-Wales deployment of digital services as part of COVID response to drive further digital transformation into non-COVID areas, and as part of post COVID recovery and reconstruction.

13. Withdrawal from the European Union

Information about budget allocations within your portfolio as a result of the UK's exit from the EU.

The UK Government's negotiations with the EU on the future relationship have continued throughout the year. We still do not have full clarity about whether an agreement can be reached by the end of the Transition Period, or if so, what the nature of that agreement might be. This context of uncertainty regarding the nature and impact of the future relationship has continued to make budgetary planning very challenging.

EU Transition cuts across a broad range of policy areas within health and social care, meaning that relevant activity is mainstreamed across different budgets. It is therefore not always possible to disaggregate specific 'EU Transition' funding from overall policy budgets.

Nevertheless, there are some specific parts of the budget which make a particular contribution. During the process of withdrawal from the EU, a specific budget allocation (£0.260m in 2020-21) has been included to support the activities of some of our key partners in ensuring as smooth a transition as possible for the health and social care system. This allocation has most recently

been used to fund activities in the Welsh NHS Confederation, Public Health Wales in relation to health security and FSA Wales in relation to new functions. Whilst some of these current activities end in 2020-21, we anticipate that we will need to keep this ability to fund projects where a particular need is identified.

The Committee has been briefed on EU Transition in health and social care at various stages of the UK's departure from the EU. An important part of these preparations has been to ensure robust arrangements for ensuring continued supply of critical goods (including medicines and Medical Devices and Clinical Consumables - MDCCs) throughout any potential periods of disruption. We have continued to participate in UK-wide continuity of supply programmes where these are appropriate for Wales, and anticipate that we will contribute £0.237m towards the implementation of these arrangements in 2021/22.

In addition to the required short term support in managing the transition to a new relationship with the EU, the 2021/22 year is an important one in maximising our ability to influence future policies and programmes in ways which benefit health and well-being in Wales. After leaving the EU we will need to maintain resilient supply chains, protect devolved powers, and pursue new opportunities arising from changing relationships with the UKG and EU. This will include NHS supply chain development opportunities which should support SME cluster, foundation economy and circular economy priorities. It will also include NHS engagement with universities and industry in securing opportunities from new trade relationships, UK Common Frameworks (Internal Market Bill); and securing our share of UK research funding and successor EU structural funding.

Separate to any costs of future development, the budget has needed to take account of direct costs of additional functions coming to FSA Wales as a result of leaving the EU. Additional funding will be allocated to FSA Wales in the Mental Health, Wellbeing and Welsh Language MEG in 2021-22.

Annex A

Health, Social Care and Sport Committee - Date: 13th January 2021

Commentary on each of the Actions within the Health and Social Services MEG, including an analysis and explanation of changes between the Draft Budget 2021-22 and the Second Supplementary Budget (October 2020).

Action: Delivery of Core NHS Services		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
9267.236	8347.301	(919.935)

This Action supports the main funding to the NHS in Wales as well funding to Public Health Wales and the NHS body Health Education & Improvement Wales.

Explanation of Changes to Delivery of Core NHS Services Action

Remove 20-21 in-year Covid Allocations & Adjustments

- **£(842.400)m** in year COVID allocations (2nd Supp)
- **£(497.104)m** in year COVID allocations (1st Supp**)**
- **£75.910m** in year COVID re-directed funding (1st Supp)

MEG to MEG changes for new MEG on MHW&WL

- **£(16.803)m** Budgets moved to MHW&WL MEG

New allocations for 21-22

- **£10.000m 21-22** COVID allocation in respect of Contact Tracing
- **£230.000** NHS Growth (approx)
- **£20m** Mental Health
- **£81.986m** Other NHS allocations inc, Genomics, ATMPs and Primary Care
- **£16.372m –** HEIW as part of £17.5m for Workforce
- **£10.000 -** Public Health Wales, new Health Protection Service

MEG to MEG transfers for 21-22

- **£(3.863)m** MEG to MEG

Allocations within MEG for 21-22

- **£(4.033) –** technical adjustments

Action: Delivery of Targeted NHS Services		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
130.818	136.424	5.606

This action supports other various health budgets including NHS Workforce, *A Healthier Wales* and other health budgets.

Explanation of Changes to Delivery of Targeted NHS Services Action

Remove 20-21 one off in-year Adjustments

- **£(0.5)m** in year COVID allocation adjustments (1st Supp)
- **£(20.9)m** in year allocation of immigration surcharge income
- **£(2.296)m** baseline adjustments for Invest to Save and EU exit funding

MEG to MEG changes for new MEG on MHW&WL

- **£(10.000)m** Budgets moved to MHW&WL MEG

New allocations for 21-22

- **£37.700m** – additional allocation to A Healthier Wales BEL

Allocations within MEG for 21-22

- **£1.554m –** technical adjustments

Action: Support Education & Training of the NHS Workforce		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
23.542	27.905	4.363

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.

Explanation of Changes to Support Education & Training of the NHS Workforce Action

Remove 20-21 in-year Covid Allocations & Adjustments

- **£3.300m** in year COVID re-directed funding (1st Supp)
- **£(1.047)m** in year COVID allocations (1st Supp**)**

New allocations for 21-22

- **£1.142m** additional allocation as part of £17.5m for Workforce

Allocations within MEG for 21-22

- **£0.968m** Technical adjustment

Action: Public Health Programmes		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
22.669	14.941	(7.728)

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 and NICE

Explanation of Changes to Public Health Programmes

20-21 in-year Covid Adjustment

- **£0.665m –** re-directed Covid funding (1st Supp)

MEG to MEG changes for new MEG on MHW&WL

- **£(7.189)m** Budgets moved to MHW&WL MEG

Allocations within MEG for 21-22

- **£(1.204)m – Technical adjustments**

Action: Effective Health Emergency Preparedness Arrangements		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
6.025	6.025	-

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 October Supplementary Budget.

Action: Social Care & Support		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
5.615	4.562	1.053

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.

Explanation of Changes to the Social Care and Support Action

Remove 20-21 in-year Covid Allocations & Adjustment

- **£(1.053) -** in year COVID allocation (2nd Supp)

Action: Partnership & Integration		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
0.526	0.526	-

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.

Funding remains at the same level as in the October Supplementary Budget.

Action: Sustainable Social Services		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
51.215	12.715	38.500

The majority of this Action funds the Sustainable Social Services Third Sector grant. Funding in this Action is also 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.

Explanation of Changes to the Sustainable Social Services Action

Remove 20-21 in-year Covid Allocations & Adjustments

- **£(40.195)m** in year COVID allocations (1st Supp**)**
- **£0.195m** in year COVID re-directed funding (1st Supp)

New allocations for 21-22

- **£1.500m –** Allocation for 3rd Sector support

Action: Social Care Wales		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
19.398	22.613	3.215

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.

Explanation of Changes to the Social Care Wales Action

New Allocation for 21-22

- **£2.000m –** New allocation for SCW

Allocations within MEG for 21-22

- **£1.215m –** 20-21 Technical adjustments

Action: Older People Commissioner		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
1.589	1.589	-

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.

Funding remains at the same level as in the October Supplementary Budget.

Action: Supporting Children		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2021-22 £m**	**Change £m**
96.359	93.691	(2.668)

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.

Explanation of Changes to the Supporting Children Action

Remove 20-21 in-year Covid Allocations & Adjustments

- **£(24.500)m** in year COVID allocations (2nd Supp)
- **£(30.000)m** in year COVID allocations (1st Supp**)**
- **£30.956m** in year COVID re-directed funding (1st Supp)

New allocations for 21-22

- **£19.876m –** new allocations as part of Draft Budget

MEG to MEG transfers for 21-22

- **£1.000m** MEG to MEG, budget correction from EPS.

Action: CAFCASS Cymru		
2020-21 Supplementary Budget October 2020 £m	**Draft Budget 2020-21 £m**	**Change £m**
12.152	13.652	1.500

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.

Explanation of Changes to the CAFCASS Cymru Action

Allocations within MEG for 21-22

- **£1.500m** in respect of additional core funding agreed in 20-21.

Culture, Welsh Language and Communications Committee – 14 January 2021

Deputy Minister for Culture, Sport and Tourism

Memorandum on the Draft Budget proposals for 2021-22

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. The spending plans are set out in the draft Budget for 2021-22 published on 21 December. This paper also provides an update on specific areas of interest to the Committee.

The sectors in my portfolio have faced significant challenges this year as a result of the Coronavirus pandemic. Some of these challenges will continue next year as we aim to support our sectors survive and recover. Whilst our focus has been on the health and economic response we have also been robust in ensuring the survival of our culture and heritage, our national institutions and the communities that protect and nurture them.

Recognising the importance of culture and heritage for the improvement of health and well-being, particularly as part of recovery from the pandemic, it is vital that we maintain our investment in these areas and look to enhance our levels of capital investment wherever possible.

Our culture and heritage are an intrinsic part of our nation's identity. 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. They create a distinct sense of place in our communities and play a significant role in achieving the ambitions for our Welsh language. Thousands of people have benefited from free entry to our national museums. Amgueddfa Cymru - National Museum Wales is the largest provider of education outside the classroom in Wales – more than 180,000 school students enjoy education activities each year. Collecting, preserving and making the culture and heritage of Wales accessible for all to learn, research and enjoy, the National Library of Wales receive around 2 million visitors and on line users. Through Cadw, the Welsh Government also delivers services directly to the public. Each year more than 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.

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 International Strategy.

Our creative industries promote Wales around the world. Developing a sustainable skills base and talent development is a key priority for Creative Wales to ensure individuals are able to capitalise on opportunities, improve pathways to viable careers and support more people to access and retain employment in the creative industries.

Our key institutions must survive this crisis and we must plan so that our communities and local sectors can return positively and look to the future with hope. Cadw and the Culture and Sport Division support our delivery partners – the Arts Council of Wales, Amgueddfa Cymru - National Museum 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.

We also want to ensure that we can protect the sector in the face of the challenges of the EU exit but by the same token assist them to make the most of opportunities. Either way it is important that the sector is covered in this respect, is not exposed and has the tools it needs to navigate life post-pandemic and post-Brexit.

Although positive strides are being made with vaccines and there is now hope that there will be a return to some sort of normality in time, there remains a great deal of uncertainty and our plans will need to be flexible and able to evolve within fast-moving circumstances. Whilst recovery is key, we want to ensure we deliver on the Welsh Government's wider priorities such as climate change, reducing poverty and inequality, and enhancing skills and job prospects. These will be important themes as our nation recovers from the impact of the past year. I am positive that culture and heritage can support the nation to re-emerge positively from the challenging period we have been through – it is vital to enhance our sense of identity, mental well-being and ensure the economic recovery of the sectors that add more value and meaning to all our lives.

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

The 2021-22 Draft Budget provides a one year spending plan for both revenue and capital. **Annex A** provides a detailed breakdown of culture and heritage financial information 2019-20 to 2020-21 by Action and Budget Expenditure Line (BEL). Further details on budget decisions are provided in the updates on areas of interest to the Committee.

2.1 Resource Budget

An overview of the resource budget changes between 2020-21 and 2021-22 is summarised in **Table 1** as follows:

TABLE 1: OVERVIEW OF RESOURCE BUDGET (Including AME)

Culture & Heritage	2019-20 Second Supp £'000	Baseline Adjustment £'000	2020-21 Final Budget £'000	Change £'000	2021-22 New Plans Draft Budget £'000
Support for Culture and the Arts	121,566	(50,257)	71,309	1,012	72,321
Media and Publishing	3,730	0	3,730	0	3,730
Support for the Historic Environment	15,036	(267)	14,769	1,000	15,769
Total Resource	**140,332**	**(50,524)**	**89,808**	**2,012**	**91,820**
Sponsored Bodies Pension	3,013		3,013	10,987	14,000
Total AME	**3,013**	**0**	**3,013**	**10,987**	**14,000**
TOTAL	**143,345**	**(50,524)**	**92,821**	**12,999**	**105,820**

Baseline Adjustments

Overall the adjustment of £50.524m reflects the non-recurrent additional support for recovery in response to the pandemic of £51.5m and offset by reductions of £0.976m to support Covid-19 interventions.

The First Supplementary Budget focussed on repurposing existing budgets to respond immediately to the pandemic. The contribution of £0.976m was made from a 2% reduction in funding for the National Museum of Wales, the National Library of Wales and the Royal Commission totalling £0.678m and uncommitted budget of £0.298m within the Local Culture and Sport BEL.

The Second Supplementary Budget set out further measures taken in response to the pandemic including £53m for the Cultural Recovery Fund (CRF) to support and sustain the sector due to the ongoing challenges comprising £50m revenue and £3m capital. We have since increased our CRF investment by £10m to more than £63m.

To note an additional £14m for the Sport and Leisure Recovery Fund was announced to provide longer-term sustainability for the sport sector. This includes £1.5m for independent providers and sporting events managed within the Local Culture and Sport BEL.

2.2 Budget Changes

In 2021-22 funding for the sponsored bodies and partner organisations is maintained despite significant and widespread pressures on the Budget which is 3.6% lower in real terms than it was in 2010-11. At present no additional funding has been allocated for potential Covid pressures. Commercial income levels for Cadw, the National Library of Wales and the National Museum of Wales are unlikely to recover to the levels before the pandemic. In the draft Budget there some targeted investments in line with the immediate Welsh Government priorities. Further financial decisions for the heritage and culture sector will be assessed as we better understand the impact of the pandemic, as we head into the spring and summer and the impact of the roll out of vaccines. We do need to bear in mind that the amount provided to the Welsh Government in respect of Covid 19 is significantly less than what has been provided in 2020-21.

Overall the change of £2.012m reflects additional non cash requirements and realignment of budgets within the portfolio offset by repayments. The resource budget includes £9.383m (2020-21 £8.103m) for non-cash depreciation charges. In 2021-22 additional non-cash budget of £1.280m is required for the major developments at Caernarfon castle, Caerphilly castle, Tretower Court for Cadw £1m and digital investment at the National Museums £0.280m. The Support for Sport budget of £0.157m is also consolidated into the Support for Local Culture and Sport to align delivery priorities. Total Invest to Save Repayments of £0.025m are for the energy efficiency scheme at the National Museum of Wales.

In addition there is an allocation of £0.6m available within the Local Culture and Sport BEL to support our cultural institutions to progress exploratory work for Black Lives Matter.

There is also an increased budget cover for AME budgets to £14m to support the provision for any fluctuation in pension charges which may be necessary in respect of pension schemes for the National Museum of Wales and the National Library of Wales.

2020-21 Forecast

The 2020-21 overall forecast revenue outturn of £150.422m in **Annex A** reflects the additional funding of £10m for the CRF. This will be actioned in the Third Supplementary budget alongside

the reprioritisation of £7m funding, primarily to support freelancers, from the Arts Council of Wales BEL to be managed with interventions in the Local Culture and Sport BEL. The Arts Council is a valued partner and with a swift and robust assessment ensured that 222 organisations were identified for immediate funding, protecting over 1,800 jobs. Full details are available in the Written statement. The £10m allocation included support for our national institutions to address the specific impacts of the Covid pandemic: the National Library of Wales £0.25m; the National Museum of Wales £0.3m and the National Botanic Garden of Wales £0.24m.

2019-20 Final Outturn

Final out-turn figures for 2019-20 were broadly in line with budget with some reprioritisation within the portfolio and wider International Relations and the Welsh Language MEG.

Annually Managed Expenditure

Annually Managed Expenditure (AME) budgets of £14m supports the additional provision for any pension charges which may be necessary in respect of the pension schemes of the National Museum of Wales and the National Library of Wales.

2.3 Capital Budget

An overview of the capital budget changes between 2020-21 and 2021-22 is summarised in **Table 2** as follows:

TABLE 2: OVERVIEW OF CAPITAL BUDGET

Culture & Heritage	2019-20 Second Supp £'000	Baseline Adjustment £'000	2020-21 Final Budget £'000	Change £'000	2021-22 New Plans Draft Budget £'000
Support for Culture and the Arts	17,816	(3,000)	14,816	2,570	17,386
Media and Publishing	780	0	780	(750)	30
Support for the Historic Environment	5,241	3,700	8,941	180	9,121
TOTAL	**23,837**	**700**	**24,537**	**2,000**	**26,537**

Baseline Adjustments:

The Second Supplementary Budget includes £3m capital funding included in the £53m for the Cultural Recovery Fund to support and sustain the sector due to the ongoing challenges. The impact of the pandemic delayed major developments at Caerphilly castle, Tretower Court and Caernarfon castle so £3.7m was returned to reserves to be reprioritised. The net movement is a decrease of £0.7m.

Budget Changes

In 2021-22 capital investment has increased by 8% compared to 2020-21. A summary of changes is provided in **Table 3** as follows:

TABLE 3: CAPITAL BUDGET CHANGES

Organisation	2020-21 Project Allocation £'000	2021-22 Allocation £'000	Change £'00	Investment Priorities
National Museum	350	1,000	650	Decarbonisation & digital developments *2020-21 - Customer relationship management system*
National Library	400	500	100	Decarbonisation & digital developments *2020-21 - IT system & servers*
Arts Council of Wales	400	1,220	820	2021-22 - Theatr Clwyd development *2020-21 - Investment in arts projects*
National Botanic Garden of Wales	100	280	180	Biodiversity investment *2020-21 - Energy efficiency funding*
Creative Wales	0	1,000	1,000	Pipeline developments
Books Council of Wales	750	0	(750)	*2020-21 - New integrated IT and distribution operating system*
TOTAL	**2,000**	**4,000**	**2,000**	

Investment in the long term sustainability of our national institutions demonstrates our commitment to preserving our culture and heritage for future generations. Decarbonisation is a priority for the budget decisions to achieve A Low Carbon Wales and will enable the organisations to address environmental concerns, particularly CO2 emissions and energy efficiency.

Culture is integral to mental well-being. During the isolation in the pandemic the organisations adapted and promoted the collections digitally so that individuals could enjoy culture and heritage at home. The capital budgets will enable further investment in technology for recovery and wider access.

The capital investment of £4.197m at the National Museum of Wales will address business critical maintenance for the heating and ventilation systems to address energy efficiency. The investment will also enable the Museum to continue to conserve the nation's treasures and extending the offer for remote digitisation and harness the opportunities identified during the pandemic. It will also support the preparations for the redevelopment of Llanberis slate museum.

Recognising the challenges in maintaining our national historic library we have provided an uplift in the capital budget to £3.195m which will target investment in the renewal of energy efficient plant and equipment, lighting upgrades, ICT infrastructure and solar installation. It will enable better integration and improved resilience for the long term. The budget will also support the digitisation programme for purposes ranging from scholarly research to reminiscence therapy for people living with dementia.

The Arts Council of Wales is a key partner in delivering investment in for culture and the arts. The total budget in 2021-22 is £1.575m. The additional £1.22m in 2021-22 (£1.8m in 2020-21) is part of the initial planning for the development of Theatr Clwyd. Of the transfer from the Economy and Transport MEG of £3m, which will be actioned in the Third Supplementary budget the project has been reprofiled and managed with the acceleration of expenditure for sport and culture.

Increasing the investment to £6.989m in the strong Creative Wales brand supports the international strategy in raising Wales' profile to the world, not only as a centre for creative excellence, but as a great place to visit and live. Creative and cultural investment is vital for regeneration across Wales and the funding supports productions and initiatives in both Welsh and English.

The level of new investment of £0.375m in the National Botanic Garden of Wales demonstrates the commitment to promote biodiversity, sustainable development, research and conservation, and lifelong learning.

2.4 2020-21 Forecast

The 2020-21 overall forecast capital outturn of £26.337m compared to £23.837m Second Supplementary budget in **Annex A,** reflecting the additional spend on Theatr Clwyd.

2.5 2019-20 Final Outturn

Final out-turn figures for 2019-20 were broadly in line with budget with some reprioritisation, primarily for investment at the National Botanic Garden of Wales and the Books Council of Wales within the portfolio and wider International Relations and the Welsh Language MEG.

2.6 2020-21 Forecast

The 2020-21 the overall forecast capital outturn of £26.387m in **Annex A** reflects the additional funding of £1.8m for the redevelopment of Theatr Clwyd (further £1.22m in 2021-22), the acceleration of digital developments of £0.7m at the National Museum of Wales and sundry adjustments. The changes will be actioned in the Third Supplementary budget.

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, such as the bi-annual meetings with CEOs and officials' attendance at Board meetings, allows Welsh Government to maintain close contact throughout the year.

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 cost benefits of such programmes are evaluated.

Poverty: The Fusion programme

The Fusion programme aims to tackle poverty and wellbeing issues through cultural activity, and has continued to drive forward engagement with communities coming up with innovative and bespoke solutions to engage with individuals and communities, by using digital resources and

providing packs of cultural information the programme continues to provide a cultural lifeline for individuals and communities to improve the impacts of poverty, health and well-being.

Arts, culture and heritage play an important role in tackling disadvantage and 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 budget makes provision for continued support for the Fusion Programme and its work in engaging with individuals and communities in areas of deprivation. Despite the difficulties presented during the pandemic, the Fusion programme has proved resourceful in finding new ways of engaging and encouraging cultural activities. Significant funds from the Fusion budget in 2020-21 were repurposed for the Covid support effort, Fusion received £215k in revenue a reduction of £215k from the initial budget that year. The revised Fusion budget for 2021-22 of £430k will include the planned expansion of the coordinators network, independent evaluation and digital projects as part of the commitment to the CWLC review "count me in" in to the Fusion programme.

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 Arts Council of Wales has renewed its commitment to the Welsh NHS Confederation to raising awareness of the benefits that the arts can have on people's health and wellbeing and to embed arts and health initiatives across the NHS in Wales. The 2018 evaluation of the Time banking 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.

People's Collection Wales

We will continue to support the People's Collection Wales digital heritage programme. This programme is delivered via a federated partnership of three sponsored bodies: Amgueddfa Cymru – National Museum Wales, the National Library of Wales and the Royal Commission on the Ancient and Historical Monuments of Wales. The programme encourages, empowers and supports individuals and community groups to create and upload their own digital content to the PCW website, alongside material contributed by the lead partners and other cultural heritage organisations. A decennial review of the programme has been completed in 2020, and the recommendations are currently being considered, with a view to ensuring the model, platform and outputs of the programme are fit for purpose. Our budget to support this activity in 2021-22 is £350k revenue and £50k capital funding.

National Botanic Garden of Wales

We will maintain revenue funding of £594k and increased capital investment by £280k for the National Botanic Garden of Wales in 2021-22. The funding supports the garden's core mission of research and conservation of biodiversity, sustainability, lifelong learning and the enjoyment of its visitors.

The garden continues to aim for a strong financial and commercial foundation with income from visitor admissions, corporate and fundraising activities and new commercial ventures to facilitate delivery of its mission.

Welsh Government funding supports a wide range of initiatives, including training and placement opportunities for those in further and higher education, provision of therapeutic and rehabilitation activities linked to horticulture and nature through working with local health boards, and conservation and research activities to maintain and enhance a biodiverse natural environment with healthy functioning ecosystems.

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 2021-22 as relevant to Arts, Culture and Heritage.

Currently there is no new legislation requiring budget provision in 2021-22.

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 portfolio has greatly benefited over the years from EU funding for certain projects. For Cadw only limited funding has been secured in very recent years; but more generally clarity is awaited from the UK Government about the degree to which baselines will be augmented to replace EU funding, and how arrangements for the Shared Prosperity Fund will work.

The UK Government announced in December that a replacement for the Creative Europe programme would not benefit from direct funding as part of the comprehensive spending review, the Culture element has not been supported directly however the creative film and screen element has. Opportunities still remain to access a very limited fund via the Shared Prosperity Fund.

The Welsh Government is strongly opposed to the UK Government's proposals on future migration, and during the COVID-19 pandemic and the emerging economic crisis this has shone a light on the dependence on workers who are originally from the European Economic Area for essential front-line services. However, the UK Government has made clear that it does not plan to change either the timing or content of its future system as a result of the disruption caused by COVID-19. Welsh Government felt bound in these circumstances to engage with the development of a Welsh Shortage Occupancy List (SOL) so that it reflects, as best as we are able at this time, the current skills requirements of the Welsh economy. Since Welsh Government does not endorse the UK Government's determination to include only work at NQF level 3 or above as 'skilled', our consideration also includes skills gaps below this threshold.

3.5 What assessment the Welsh Government has made of financial impact the pandemic has had on areas within the Arts, Culture and Heritage portfolio (both in terms of increased costs and reduced incomes) and how this is reflected in budget allocations.

For 2021-22 revenue budgets have been maintained. Whilst the adverse impacts are likely to continue as a result of the pandemic the financial impact cannot be quantified with certainty. Therefore there are no additional allocations in the draft Budget but this position is being closely monitored and an assessment of the heritage and culture sectors will be made to consider further funding across portfolios as the situation develops.

Cadw's commercial income levels have been severely impacted in 2020-21 by the pandemic. It is envisaged that there will be an ongoing effect into 2021-22. Whilst the provision of vaccines should help, there is still likely to be a significant impact on the total commercial income position for the year as a large proportion of the income is generated in the spring and summer period, before the full effect of the vaccine programme is felt. Cadw will continue to strive to maximise its commercial income levels, within the context of these restrictions. Similarly, the heritage sector generally has been severely impacted this year. Some support was provided in 2020-21 via the Cultural Recovery Fund as well as the furlough scheme, but even for those organisations who survive, recovery will be difficult and will take time.

Official statistics demonstrate the scale of the economic value and important role of the cultural and arts sectors in Wales. The latest figures published before the Covid-19 pandemic, show that the combined Gross Value Added of the creative industries and cultural sectors in Wales was £1.5bn[1] (£1,018m and £493m, respectively). In addition, these sectors employ approximately 85,000 people in Wales, of which 38,000 (45%) are self-employed[2], and at additional risk from the negative economic effects of the virus. These sectors contain a higher percentage of self-employed workers when compared to the number of self-employed people in the UK workforce as a whole (15.1%)[3]. Additionally, there are approximately 8,000 VAT registered businesses in Wales operating in these sectors[4].

Evidence is beginning to reveal the scale of the possible negative impacts brought on by the pandemic. We know that this employment downturn affecting those working in the culture and arts sectors particularly badly. The Office of National Statistics is surveying businesses in the UK to understand the impact of COVID-19 on sectors[5]. Responses from 361 arts, entertainment, and recreation businesses are included in a recent wave (19/10/2020 – 01/11/2020). Of those businesses in this sector that were surveyed, 31% reported a decrease in profit of more than 50% in the last two weeks, and 17% reported a decrease of between 20% and 50%. 40% of businesses in this sector cited a high confidence their business would survive the next three months, an increase of 10% from the previous survey wave. However, 10% of businesses in cited low or no confidence their business would survive the next 3 months. Businesses in these sectors reported that 33.6% of staff were on partial or full furlough leave – this figure is higher than all other 14 industry classifications.

Research conducted by the OECD[6] identifies that this 'culture shock' has affected the cultural and creative industries worldwide. They report that venue based sectors (museums, performing arts etc.) are the hardest hit by social distancing measures and that abrupt drops in revenue has resulted in reduced wage earnings and lay-offs with in the sector, with repercussions for the value chain of supplier. "In the absence of responsive public support and recovery strategies, the downsizing of cultural and creative sectors will have a negative impact on cities and regions in terms of jobs and revenues, levels of innovation, citizen well-being and the vibrancy and diversity of communities."

[1] DCMS Sectors Economic Estimates 2018: Regional GVA
[2] DCMS Sectors Economic Estimates 2019: Employment
[3] Trends in self-employment in the UK: Analysing the characteristics, income and wealth of the self-employed.
[4] DCMS Sectors Economic Estimates 2018: Business Demographics
[5] Business Impact of COVID-19 Survey (BICS) results
[6] Culture Shock: COVID-19 and the cultural and creative sectors

The loss will not however, purely be economic. The full value of the culture and arts sectors is seen through its wider impacts. The activity of these sectors make important, cross cutting contributions to the goals of the Well-Being of Future Generations Act. For example, we know that cultural activities play a role in predicting if someone will report high well-being, as those who attend or participate in cultural activities are 23% more likely to report high life satisfaction[7]. Cultural institutions and organisations also help to build social capital and support volunteers[8], act as education hubs and provide formal learning sessions[9], and support the criminal justice system[10].

3.6 Details of where funding previously allocated to the Arts. Culture and Heritage portfolios has been reprioritised due to restrictions on activity due to the pandemic.

This has been a particularly difficult time for those who work in the culture and heritage sector. The Welsh Government has a £63m Cultural Recovery Fund being managed in 2020-21. This is an evolving situation with the timescales around recovery unclear and uncertain. Our intention is to provide additional funding for recovery for 2021-22 but the scale and the approach has not been determined at this early stage.

Specific areas

Historic Environment Strategy and Implementation of Historic Environment Act

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

The implementation of the Historic Environment (Wales) Act 2016 was planned to last for five years 2016 to 2021. Budgeted expenditure for implementation will therefore finish in 2020-21. While there will still be some annual costs associated with the Act, we will have moved out of our planned implementation phase and any costs will be covered as routine expenditure from normal Cadw budgets.

Cadw

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

Income figures have increased very significantly since 2013-14 when it 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 final income figure for 2019-20 was £8.0m – a record for Cadw. Prior to the pandemic, which forced us to close sites on 17 March, we were on course to exceed the budgeted income figure for the year and achieve a figure of some £8.2m.

The income budget for 2020-21 was set at £8.5m. However, the pandemic has inevitably had a huge impact, with sites either being closed, or open but with restricted numbers as a consequence of the need for social distancing, and also impacted by local lockdowns and travel restrictions. The latest forecast figure is £1.4m, and achieving even this figure is dependent upon sites being open in February and March in particular, as visitor numbers normally increase.

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[7] Exploring the relationship between culture and wellbeing
[8] A review of the Social Impacts of Culture and Sport
[9] Spotlite on Museums 2016: Report for Museums, Archives and Libraries Division, Welsh Government
[10] Arts and culture in health and wellbeing and in the criminal justice system: A summary of evidence

Prices are being retained at 2020-21 levels for 2021-22. However, one positive aspect is that membership numbers have increased slightly. Members were offered discounts as a result of the pandemic, and renewals have held up well, as well as attracting new members. This should benefit income levels in future years, providing members renew at the full rate, as we recover from the effects of the pandemic.

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. Ambitious plans for the development of the castles at Caerphilly and Caernarfon are now being implemented.

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.

3.9 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 which 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 capital 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 which 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 2020-21 the capital spend on these grant programmes is forecast at £0.7m. The budget for 2021-22 is being increased to £1.1m

National Museum Wales and the National Library of Wales

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

The National Library of Wales and Amgueddfa Cymru – National Museum Wales are both high profile cultural institutions. They are pro-active in delivering government priorities and engaging the people of Wales in cultural activities as well as important facilitators for projecting Welsh culture internationally.

We have been able to maintain the revenue budgets of these two national institutions in 2021-22. Both organisations recognise that funding options are limited for Welsh Government as it faces managing the Covid-19 pandemic combined with continued austerity.

The findings of the Tailored Review of the National Library of Wales were published in recent weeks, and we will work with the Library on developing an action plan for the future.

The National Library's commercial annual income generation target is £0.7m and the Museum's gross target is £5.5m, with a net target of £1.3m. The Library does well in attracting charitable donations and bequests but finds the commercial income generation target challenging, with less on-site options for generating revenue when compared to the Museum with its shops and cafes across seven sites.

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.

Total capital funding of £7.392m in 2021-22 will support decarbonisation and digital priorities and help address 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.

The Royal Commission for Ancient and Historic Monuments of Wales has a leading national role in developing an appreciation of Wales' archaeological, built and maritime environment. The Commission cares for a vast and unique collection of photographs, maps, images, publications and reports supported by a team of expert staff and pprovides high quality digital content, services and resources which is easily accessible to national and international audiences. We are maintaining its total budget at £1.799m in 2021-22.

All three of these institutions are part of the Historic Wales Partnership. Given the extreme pressure on our revenue budget, there will be an even greater need in 2021/22 for collaboration between all the bodies within the Historic Wales partnership to explore what efficiencies can be gained through effective joint-working: via commercial partnerships and potential shared management of back-office functions.

Libraries, Museums and Archives

3.11 Allocations and commentary in respect of the Libraries, Museums and Archives Strategies.

Total funding of £3.467m within the Local Culture and Sport BEL in 2021-22 will support libraries, museums and archives to deliver our priorities with a particular focus on widening participation, improving health and well-being, addressing loneliness and boosting skills for those living in our most deprived communities – contributing to employability, engaging and empowering young people, and supporting early years through family learning and targeted literacy and reading initiatives.

We will continue to support our local museum, archive and library services to deliver for their local communities with a particular focus on the development of digital resources to widen access for those unable to visit. Covid-19 has demonstrated that there is a need for better digital services and a more robust approach to being able to continue to engage with stakeholders when it is not possible for people to visit various organisations in person. This is about much more than continuing to engage through social media channels that were being done fairly successfully – this is about transforming how services and events could be offered across the board, and it is about considering whether this kind of digital transformation could significantly extend the reach of our culture and heritage organisations and potentially provide additional income streams in due course. Additional financial support already distributed to the sector is already making a difference and this will be a continued priority next year.

By taking an integrated approach across national and local delivery we will also maximise the benefits that people derive from collections and services. It is vital 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.

Museums

Professional staff and dedicated volunteers in museums across Wales care for 1000s of objects which tell the stories of local people and communities. They are a major provider of educational opportunities outside schools. The pandemic has resulted in education and outreach services moving on-line and museums need funding to develop and consolidate the switch to digital provision. Museums across Wales need support to ensure their exhibitions and collections are representative of diverse communities – especially in response to the Black Lives Matter

campaign. We will continue to provide essential advice and support to the local sector and to manage the UK scheme for Museum Accreditation.

Archives

Archives remain a vital resource for understanding our national, community and personal histories. We will continue to support the UK Archives Accreditation Standard in Wales, and ensure that our local archive services are able to meet their statutory responsibilities as custodians of our national record. Funding will also support the sector to address the critical challenge of managing the shift towards digital recordkeeping and access to these digital resources.

Libraries

Public libraries deliver an extensive range of activities for communities, families and individuals, and with 1.3 million library members, they reach almost 50% of the population[11]. 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. We will continue to support the crucial role of libraries in supporting the health and wellbeing of communities across Wales. Libraries are the ideal spaces in the heart of the community to provide help to people suffering from dementia and their carers. Libraries in Wales will continue to develop reminiscence resources for those suffering from dementia. The continued development of Dementia friendly libraries improves the inclusion and quality of life for people with dementia and their carers.

Our investment in digital library resources will continue next year and funding of £200,000 will be channelled through the National Library of Wales to deliver the National Digital Library Service that is available to Welsh library users via the all-Wales library portal and via the individual Welsh library services. This is crucial considering that libraries have seen a dramatic increase in the number of individuals using digital resources especially since Covid-19. Bolinda, one of the main providers of e-books and e-audiobooks in Wales through their Borrowbox service, have highlighted the fact that from April to August 2019, total loans were 186,002 and this figure increased to 394,089 for the same period in 2020, an uplift in loans of 112%.

We will continue to provide funding to undertake our statutory requirements in relation to libraries including monitoring 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 clear need to maintain our capital investment next year across the local museums, archives and libraries sector. Our Capital Transformation Grant programme is open to the local sector and provides more than £1.4m capital funding each year. We awarded more than £1.2m in grants to ten museums and libraries across Wales in 2020-21 as part of this fund and there is additional demand for support next year.

Arts and Arts Council of Wales

3.12 Allocations and commentary in respect of the Arts Council of Wales.

[11] Public library service annual reports 2019 to 2020

Working with Arts Council of Wales, will continue to support and promote the important contribution that the arts make to Wales, to foster an environment in which the arts are able to flourish – an environment which identifies and nurtures creative talent, wherever it's found in Wales, to its full potential. Specific priorities for the year include Promoting Equalities as the foundation of a clear commitment to reach more widely and deeply into all communities across Wales and strengthening the capability and resilience of the sector, enabling creative talent to thrive. Revenue funding of £32.042m is protected in 2021-22.The capital allocation of £1.575m makes provision for Theatr Clwyd.

The importance of the arts on wellbeing and physical health has been dramatically underlined by the pandemic, the Arts provides an outlet for many during these difficult and uncertain times to individuals, households and communities. In this budget we are maintain our investment in the Arts Council of Wales. Before the pandemic more than four million people attended events presented by members of the Arts Council's Arts Portfolio Wales. In 2019/20, 87% of the adult population in Wales had attended arts events, and 86% of children and young people had taken part in arts activities.

Funding will the help generate the cultural capital for recovery that nurtures the creative industries with knowledge, skills and ideas and continue to stabilise the sector, maintaining employment and work opportunities. HARP - Health Arts Research People is just one example of interventions to prevent ill-health, a collaboration with the NHS to develop new approaches to health, wellbeing and creativity.

We will continue to support Arts + Business Cymru, they provide a vital link between business and the Arts, generating funds to support Artists and culminating in a prestigious awards event, of which C&S sponsor the Philanthropy award.

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

Increasing and diversifying levels of access and participation in the arts continues to be a priority in the Remit letter. The Arts Council of Wales uses the majority 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 has delayed its first consultation phase of its Investment Review due to the pandemic and will start the process again in 2021. 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 late 2021. 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.

3.14 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. The Arts Council continues to reach out to those disadvantaged communities via the Arts Portfolio Wales clients and is also seeking to directly engage with those communities.

3.15 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 Resilience Programme has been significantly tested during the pandemic with further substantial funds required to keep a number of the Arts Portfolio Wales Organisations solvent. The resilience programme will require further monitoring and support until the Arts sector is able to return to normal operating circumstances.

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.

Media and broadcasting

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

In 2020-21 total funding of £4.51mwas awarded to the Books Council of Wales to support the publishing sector and for emergency COVID-19 support for publishers. Revenue funding includes support for Golwg Ltd and the Digital Welsh-language News Service, Golwg 360. Funding has also been made available through pan-economy Welsh Government emergency COVID-19 support such as the Economic Resilience Fund which has benefited media and broadcasting organisations in Wales. Capital investment of £0.750m was allocated for a new integrated publishing model.

In 2021-22 the total budget of £3.760m for the continued funding of Books Council of Wales initiatives and the Digital Welsh-language News Service. Creative Wales is exploring how opportunities can be increased for media and broadcasting organisations in Wales to benefit from wider Welsh Government and external support schemes during this financial period. Work to develop Memorandums of Understanding with public service broadcasters in Wales to support increased partnership working on broadcasting issues will also consider how we can maximise funding opportunities for Welsh organisations.

3.17 Details of spend from the Independent Community Journalism Fund, including how these funding decisions were made, and what outcome they are intended to achieve.

Between April 2019 and October 2020 the Independent Community Journalism Fund (ICJF) has provided nearly £160k of funding to independent community journalism publications, also known as hyper-local publications. The total funding also includes £53k in emergency grant funding that was provided to help publications in response to the Covid-19 crisis.

The ICJF was open to applications between April 2019 and March 2020. The process was light touch and applicants were required to provide brief details about their publication, confirmation of eligibility

and details of what the funding will be used for. Officials were available to discuss applications and eligibility prior to application submission and were on-hand to guide applicants through the process.

Applications were evaluated on a case-by-case basis by a Welsh Government Panel to ensure it met the eligibility criteria and value for money considerations. To assist with the evaluation process, each eligible applicant provided consent for their application to be shared with the Centre For Community Journalism (C4CJ). The C4CJ acted in an advisory capacity as experts in the field of hyper-local journalism to provide comment on the proposed activities; however they were not part of the approval process.

In April 2020 there was a small under-spend and an emergency grant was offered to eligible publications to support the sector through the coming critical few months to try and maintain sustainability and to continue to give communities vital news during the Covid-19 crisis. This business resilience grant funding was for the purpose of day-to-day costs such as rental costs, wage costs and license/website fees etc.

The ICJF has supported a range of activities and funding activity ranged from innovation designed to generate new income streams, to bigger premises and improved websites. The outcomes of the ICJF include:

- Increased marketing and branding including search engine optimisation to increase readership and widen of the reach of publications.
- Increased advertising to increase revenue streams.
- Technical improvements to websites, new software, upgraded platforms to make them easier to use.
- Development of new online services.
- Staff development through training and attendance at industry conferences.
- Additional specialist staff costs such as sales, photography and advertising staff to improve business processes and improve productivity.
- Business growth and improved professionalism through expansion into new office space

Creative Wales

In 2021-22 Creative Wales total budget allocation is £8.697m, including an additional allocation of £1m to accelerate the projects in development. Creative industries in Wales including film and television production, digital and musical production representing one of Wales' fastest- growing sectors, with an annual turnover of more than £2.2billion and employing over 56,000 people, 40% more than 10 years ago. Film and TV companies spent around £55m in Wales in 2018, supporting local businesses and also contributing to tourism and awareness of Wales. As one of the pillars for the international strategy the budget, the additional investment of £1m will strengthen the offer and further promote our international reputation as a centre of excellence for production and high end TV drama, with major studios such as Fox, NBC Universal, Netflix and HBO all choosing Wales for their productions.

3.18 Details of any funding allocated to Creative Wales to support news journalism.

Total funding of £158,546 is detailed in **Annex B**.

Discussions are underway regarding the need for dedicated funding through the Creative Wales 2021-22 budget to support news journalism. Any decision to support news journalism will therefore need to consider the opportunity cost and overall impact on budget, with reduced budget availability for wider activity to support the creative industries in Wales. Skills development and

wider programmes such as the Clwstwr project can be utilised to encourage new entrants to the market and support new developments in journalism.

Live Music

3.19 Details of any funding allocated to support grassroots music venues

Final decisions on the 2021-22 budget and Business Plan for Creative Wales are under consideration. As a key sector targeted by Creative Wales, the Creative Wales 2021-22 Business Plan will include a focus on support for the music industry, with funding set aside to support this priority. This will complement funding awarded to grassroots music venues in 2020-21 to help the sector respond to the challenges of the COVID-19 pandemic and support the ongoing resilience of the sector.

Support for film and television production

3.20 The latest revenue 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 managed the Studio on behalf of Welsh Government. Running costs for the studio equated to circa £1.185m per annum. During the earlier part of the agreement period, rental figures were 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. During this time, the studio was 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, the running costs of the studio were covered and a small profit was made. Bad Wolf opted not to exercise an extension beyond the 12 month period.

The agreement with Pinewood came to an end on 31 March 2020, with Welsh Government temporarily managing the space whilst a solution for a longer term tenant as found. The Covid lockdown commenced shortly after the expiry of the Bad Wolf agreement. For a period there would therefore have been a deficit between income and expenditure as no income from production use was generated. The costs associated with operating the studio remained consistent during this period (business rates @ £400k p.a., security @ £222k, maintenance).

From March to October 2020, revenue was generated from new productions being filmed at the studio, including Urban Myth and Hartswood Productions.

Following a successful period of negotiation, Welsh Government has now entered into a 10 year lease agreement with Great Point Media, a London based investment company with a portfolio of existing studio developments in the U.S.A. Great Point Seren Studios took over the lease on the 1st October, and it provides an opportunity for an established media production company to invest in and develop the studio and also bring a slate of new productions. The lease is on commercial terms, the details of which are confidential.

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

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 C**.

3.22 The latest figures for the Wales Screen Fund including total investment and Welsh spend (broken down by project).

The total value of offers is £30.908m with anticipated spend £365.748m. A list of the projects is provided at **Annex D**.

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

The total investment value in Bad Wolf Studios is £18,447,588. At November 2020 actual Welsh spend is £94.4m with £133m anticipated. Total interest due on the loan arrangement is £1.064m with repayments commencing in 2020-21. The latest financial detail is provided at **Annex E.**

Annex A - Overview of Culture and Heritage Finances - 2019-20 to 2021-22

RESOURCE		2019-20		2020-21						2021-22		
Action	**BEL Description**	**Second Supp Budget £'000**	**Final Outturn £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**First Supp Budget £'000**	**Change £'000**	**Second Supp Budget £'000**	**Forecast £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**New plans Draft Budget £'000**
Support for Culture and the Arts	Arts Council of Wales	31,346	31,346	32,042	0	32,042	25,200	57,242	50,142	32,042	0	32,042
	Amgueddfa Cymru - National Museums of Wales	22,118	22,918	24,355	(445)	23,910	0	23,910	24,210	24,355	255	24,610
	National Library of Wales	10,835	11,235	11,144	(200)	10,944	0	10,944	11,194	11,144	0	11,144
	Support for Local Culture & Sport	3,287	2,204	2,060	(298)	1,762	26,000	27,762	44,462	2,060	757	2,817
	Creative	1,708	1,786	1,708	0	1,708	0	1,708	1,708	1,708	0	1,708
Total Support for Culture and the Arts		**69,294**	**69,489**	**71,309**	**(943)**	**70,366**	**51,200**	**121,566**	**131,716**	**71,309**	**1,012**	**72,321**
Media and Publishing	Books Council of Wales	3,649	3,814	3,730	0	3,730	0	3,730	3,730	3,730	0	3,730
Total Media and Publishing		**3,649**	**3,814**	**3,730**	**0**	**3,730**	**0**	**3,730**	**3,730**	**3,730**	**0**	**3,730**
Support the Historic Environment	Cadw	11,608	10,452	12,411	0	12,411	300	12,711	12,411	12,411	1,000	13,411
	National Botanic Garden of Wales	581	581	594	0	594	0	594	834	594	0	594
	Royal Commission on the Ancient and Historical Monuments for Wales	1,853	1,623	1,764	(33)	1,731	0	1,731	1,731	1,764	0	1,764
Total Support for the Historic Environment		**14,042**	**12,656**	**14,769**	**(33)**	**14,736**	**300**	**15,036**	**14,976**	**14,769**	**1,000**	**15,769**
TOTAL RESOURCE		**86,985**	**85,959**	**89,808**	**(976)**	**88,832**	**51,500**	**140,332**	**150,422**	**89,808**	**2,012**	**91,820**

CAPITAL		2019-20		2020-21						2021-22		
Action	**BEL Description**	**Second Supp Budget £'000**	**Final Outturn £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**First Supp Budget £'000**	**Change £'000**	**Second Supp Budget £'000**	**Forecast £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**New plans Draft Budget £'000**
Support for Culture and the Arts	Arts Council of Wales	355	424	755	0	755	2,000	2,755	4,452	755	820	1,575
	Amgueddfa Cymru - National Museums of Wales	2,136	1,786	3,547	0	3,547	0	3,547	4,267	3,547	650	4,197
	National Library of Wales	1,955	1,305	3,095	0	3,095	0	3,095	3,095	3,095	100	3,195
	Support for Local Culture & Sport	1,630	1,447	1,430	0	1,430	1,000	2,430	2,513	1,430	0	1,430
	Creative	515	2,111	5,989	0	5,989	0	5,989	5,989	5,989	1,000	6,989
Total Support for Culture and the Arts		**6,591**	**7,073**	**14,816**	**0**	**14,816**	**3,000**	**17,816**	**20,316**	**14,816**	**2,570**	**17,386**
Media and Publishing	Books Council of Wales	30	175	780	0	780	0	780	780	780	(750)	30
Total Media and Publishing		**30**	**175**	**780**	**0**	**780**	**0**	**780**	**780**	**780**	**(750)**	**30**
Support the Historic Environment	Cadw	4,710	4,014	8,731	0	8,731	(3,700)	5,031	5,011	8,731		8,731
	National Botanic Garden of Wales	95	395	195	0	195	0	195	195	195	180	375
	Royal Commission on the Ancient and Historical Monuments for Wales	95	97	15	0	15	0	15	35	15		15
Total Support for the Historic Environment		**4,900**	**4,506**	**8,941**	**0**	**8,941**	**(3,700)**	**5,241**	**5,241**	**8,941**	**180**	**9,121**
TOTAL CAPITAL		**11,521**	**11,754**	**24,537**	**0**	**24,537**	**(700)**	**23,837**	**26,337**	**24,537**	**2,000**	**26,537**
TOTAL RESOURCE & CAPITAL		**98,506**	**97,713**	**114,345**	**(976)**	**113,369**	**50,800**	**164,169**	**176,759**	**114,345**	**3,920**	**118,265**

AME		2019-20		2020-21						2021-22		
Action	**BEL Description**	**Second Supp Budget £'000**	**Final Outturn £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**First Supp Budget £'000**	**Change £'000**	**Second Supp Budget £'000**	**Forecast £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**New plans Draft Budget £'000**
Sponsored Bodies Pensions	Amgueddfa Cymru - National	2,391	0	2,391		2,391		2,391		2,391	6,609	9,000
	National Library of Wales Pension Provision - AME	622	0	622		622		622		622	4,378	5,000
TOTAL AME		**3,013**	**0**	**3,013**	**0**	**3,013**	**0**	**3,013**	**0**	**3,013**	**10,987**	**14,000**

Annex B - JOURNALISM FUNDING

Publication	Spend	Application No.	Activity Supported
Caerphilly Observer	£24,058	1	Support staff costs, software licences, staff training, new services to website, local distribution costs
		2	Office space rental
		3	Branded polo shirts for public events, google analytics training, advertising and promotional video
	£8,500	4	Covid-19 emergency funding
My Town Media	£26,608	1	Media pack, business directory, print and distribute flyers
		2	Employee a photographer for 2 month period, Self-service website
	£8,500	3	Covid-19 emergency funding
Wrexham.com	£31,624	1	Support the cost of the videographer/photography one day a week
		2	Purchase a new domain name, North Wales, new branding, website redesign, recruit a part time reporter and support salaries
	£8,500	3	Covid-19 emergency funding
Llanelli Online	£6,526	1	Technical training, upgrade website, recruit sales and marketing staff, to support subscriptions
		2	Rental of office space
		3	Support wage costs, design flyer, distribution costs
	£8,452	4	Covid-19 emergency funding
Inksplott	£14,180	1	Improve website, print bilingual leaflet and distribute, develop a brand for inksplott
	£8,500	2	Covid-19 emergency funding
Cwmbran Life	£2,199	1	Improve website and training
	£2,400	2	Covid-19 emergency funding
Deeside.com	£8,500	1	Covid-19 emergency funding
TOTAL	**£158,547**		

Annex C - PROJECTS FUNDED BY THE MEDIA INVESTMENT BUDGET (11 November 2020)

Project	Investment Value £m	Amount recouped £m	Net Gain / (Loss) to date £m	Targeted Welsh spend £m	Welsh spend to date £m
Under Pinewood Management					
Take Down	3.144	1.11	-2.03	1	1.089
Their Finest	2	2.05	0.05	1.3	1.618
The Collection	1.750[1]	0.38	-1.37	5.5	5.187
Show Dogs	1.566[2]	0	-1.56	4.737	4.338
Journey's End	0.85	0.631	-0.21	1.5	0.903
Don't Knock Twice[3]	0.63	0.655	0.02	0.63	0.641
Minotaur	0.026	0	-0.026		N/A[4]
Lionel the First	0.025	0	-0.025	N/A	N/A[5]
Total	**9.99**	**4.82**	**-5.16**	**14.667**	**13.776**
Under Welsh Government Management					
Trampires[6]	2	0	-2	1.6	1.621
Eternal Beauty	1.05	0.87	-0.16	1.214	1.255
Bang	0.35	0	-0.35	1.5	2.562
Tiny Rebel	0.318	0.03	-0.288	0.25	0.26
Goose Green	0.025	0	-0.025	N/A	N/A[7]
Almost Never (formerly True Believers)	0.622	0	-0.622	2.118	2.118
Six Minutes To Midnight	0.75	0.51	-0.24	3.88	3.52
Total	**5.11**	**1.41**	**-3.67**	**10.562**	**11.336**
Overall Total	**15.1**	**6.2**	**-8.82**	**25.229**	**25.112**

[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

Annex D - WELSH SCREEN FUND INVESTMENT (11 November 2020)

Financial Year of Offer	Name of Production Company (SPV)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
2012/13	Tonto Films and Television Ltd	Da Vinci's Demons Series 1	0.495	3.823
2012/13	Urban Myth Films	Atlantis Series 1	0.25	4.026
2012/13	Pesky Productions Ltd (Boj & Buddies)	Boj & Buddies	0.2	1.003
2012/13	Fiction Factory (Hinterland Films Ltd)	Hinterland Series 1	0.215	3.691
2012/13	Tonto Films and Television Ltd (DVDS2)	Da Vinci's Demons Series 2	0.99	15
2013/14	Avanti Media Group	Wonder World	*0.127	0.763
2013/14	Urban Myth Films	Atlantis Series 2	0.25	4.026
2013/14	Lime Pictures Limited	Rocket's Island	*0.143	0.966
2013/14	Mirror Productions	Petroleum Spirit	0.051	0.358
2013/14	Modern Television	A Poet In New York	0.053	0.855
2013/14	Adastra Creative and Shrinking Cap Productions Ltd	Grandpa in my pocket	0.129	1.612
2013/14	Three Stones Media (The Rastamouse company)	Rastamouse Series 4	0.145	0.885
2013/14	Pure Grass Films Ltd (Drake Equation Ltd)	The Drake Equation	*0.74	5.208
2014/15	Lime Pictures Limited	Rocket's Island Series 4	0.07	0.7
2013/14	Lupus Films	Toot the Tiny Tugboat / Ethel & Ernest	0.55	3.034
2013/14	Green Bay Media Ltd	Castle Builders	0.045	0.32
2013/14	YJB Films (From a Jack to a King Ltd)	From a Jack to a King	0.1	1.229
2013/14	Hartswood Television Ltd	Lady Chatterleys Lover	0.125	0.813
2014/15	Gritty Realism Productions Ltd	Heart of Darkness	0.15	1.794
2014/15	TCFTV UK Productions	The Bastard Executioner	2.5	10
2014/15	Cwmni Da Cyf	Country Fair	0.125	1.019
2014/15	Animortal Studio (Trampires Ltd)	Trampires	0.674	6.738
2014/15	Tiger Aspect Productions (Tiger Aspect (D&F) Ltd)	Decline and Fall	0.1	1.8
2014/15	RF Movie Productions Ltd	Robin Friday - The Movie	*0.2	1.95
2014/15	Touchpaper Televison Ltd	Coming up	0.08	0.809
2014/15	Fiction Factory Films Ltd (Hinterland Films 2 Ltd)	Hinterland 2	0.304	5.3
2014/15	Fiction Factory Films Ltd (Hinterland Films 3 Ltd)	Hinterland 3	0.25	4.21

Financial Year of Offer	Name of Production Company (SPV)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
2015/16	Bad Wolf Ltd	Bad Wolf Productions	9	133
2015/16	Hartswood Films (Sherlock TV Ltd)	Sherlock Season 4	0.24	2.409
2015/16	Heel Stone Pictures Ltd	Crossing the Border	0.202	2.519
2015/16	Ninth Floor UK Productions Limited	Will Season 1	1.5	18.761
2015/16	Lookout Point Ltd (Pinewood Films 14)	The Collection	0.6	5.5
2015/16	Red & Black Films (Don't Knock Twice Ltd)	Don't Knock Twice	0.075	0.63
2015/16	Vertigo Television Ltd	Britannia VFX	1.1	11.149
2016/17	Beakus Ltd	Toggle Top	0.076	0.944
2016/17	Cloth Cat Animation Ltd (Clothcat LBB Ltd)	Luo Bao Bai	0.225	3.183
2016/17	Riverstone Pictures (Showdogs Ltd)	Showdogs	0.362	4.737
2016/17	Vox Pictures (Keeping Faith Ltd)	Keeping Faith	0.328	4.25
2016/17	Green Bay Media	Mountains and Life	0.03	0.54
2016/17	New Pictures (Requiem Productions Ltd)	Requiem	0.4	5.016
2016/17	Severn Screen Ltd (Apostle Films Ltd)	Apostle	0.385	5.767
2017/18	World Productions (BTK 2016 Ltd)	Born to Kill	0.2	2.5
2017/18	The Forge Entertainment Ltd	Kiri	0.2	2.382
2017/18	Coracle Pictures Limited (Denmark)	Denmark	0.085	1.383
2017/18	Rondo Media Cyf	The Wall	0.045	0.363
2017/18	Touchpaper Television Ltd	4Stories	*0.04	0.631
2017/18	Illuminated Productions Ltd	The Rubbish World of Dave Spud	0.09	0.906
2018/19	Eleven Film Ltd	Schooled	0.485	3.879
2018/19	Boom Cymru	15 days	0.089	1.074
2018/19	Dream Horse Films Limited, Popara Films Ltd and Popara Films (DH) Limited	Dream Horse	0.35	4.384
2018/19	JJ Productions Ltd (Short Form Film)	Jamie Johnson Series 4	0.156	1.927
2018/19	Mad as Birds Ltd and Reliance Entertainment Productions Six Ltd	Six Minutes To Midnight	0.4	3.879
2018/19	Keeping Faith (Series 2) Productions Ltd (Vox Pictures)	Keeping Faith Series 2	0.3	4.654
2018/19	Hat Trick Productions	Warren	0.109	1.304
2018/19	Monterey Productions Ltd (HBO)	Brooklyn	0.22	2.412

Financial Year of Offer	Name of Production Company (SPV)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
2018/19	GOL Production Ltd (Pulse Films)	Gangs of London	0.35	4.209
2018/19	Iele Productions	Merched Parchus	0.041	0.444
2018/19	Blacklight TV	4Stories series 2	0.102	1.574
2019/20	All That Limit	Brave New World	2	20
2019/20	Joio	Bang Series 2	0.19	2.3
2019/20	JJ Productions Ltd (Short Form Film)	Jamie Johnson Series 5	0.06	1.827
2019/20	Vox Pictures (Keeping Faith Series 3)	Keeping Faith Series 3	0.240	3.965
2019/20	WP Productions Ltd (World Productions)	The Pembrokeshire Murder	0.200	2.135
2020/21	Hartswood TV Ltd	Roald & Beatrix: The Case Of The Curious Mouse	0.225	2.247
2020/21	Illuminated Productions Ltd	The Rubbish World of Dave Spud Series 2	0.140	1.407
2020/21	Joio Cyf (Joio (Bang 2) Ltd)	Bang Series 2	0.190	2.302
2020/21	Lupus Films (Kensukes Kingdom Ltd)	Kensukes Kingdom	0.100	0.841
2020/21	Little Door Productions Ltd (Little Door (The Pact) Ltd)	The Pact	0.595	5.953
2020/21	One Tribe TV Limited	Wonders of the Celtic Deep	0.077	0.618
2020/21	Eleven Films (Starco TV 3 Ltd)	Sex Education Series 3	0.432	5.186
2020/21	WOTW2 Ltd- Urban Myth films	War of the Worlds Series 2	0.750	7.344
TOTAL (excluding withdrawn offers*)			**30.908**	**365.746**

Annex E – BAD WOLD STUDIOS INVESTMENT (11 November 2020)

Investment	Investment Value (£)	Drawn down to date (£)	To be drawn down in future years (£)	Accrued interest @ 7.52% to date (£)	Paid interest @ 7.52% to date (£)	Bad Wolf match funding (£)	Expected Welsh Spend (£)	Achieved Welsh Spend (£)
Repayable Advance	4,500,000	4,500,000	-	1,063,937	51,481	-	54,000,000	54,000,000
Further Grant	4,500,000	2,305,183	2,194,817	N/A	N/A	-	79,000,000	40,396,745
Purchase of Buildings 1 and 2, Trident Park	6,000,000	6,000,000	-	N/A	N/A	-	N/A	N/A
Acquisition fees	30,000	30,000	-	N/A	N/A	-	N/A	N/A
Studio Fit out Works	2,650,000	2,650,000	-	N/A	N/A	2,800,000	N/A	N/A
Pinewood Studio Wales Fit out Works	667,588	667,588	-	N/A	N/A	692,412	N/A	N/A
SAWS	80,000	40,000	-	N/A	N/A	-	N/A	N/A
Deposit	N/A	N/A	N/A	N/A	N/A	250,000	N/A	N/A
Youth Drama Network	20,000	20,000	-	-	N/A	-	N/A	N/A
Total	**18,447,588**	**16,212,771**	**2,194,817**	**1,063,937**	**51,481**	**3,742,412**	**133,000,000**	**94,396,745**

Annex A - Overview of Culture and Heritage Finances - 2019-20 to 2021-22

RESOURCE		2019-20		2020-21						2021-22		
Action	**BEL Description**	**Second Supp Budget £'000**	**Final Outturn £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**First Supp Budget £'000**	**Change £'000**	**Second Supp Budget £'000**	**Forecast £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**New plans Draft Budget £'000**
Support for Culture and the Arts	Arts Council of Wales	31,346	31,346	32,042	0	32,042	25,200	57,242	50,142	32,042	0	32,042
	Amgueddfa Cymru - National Museums of Wales	22,118	22,918	24,355	(445)	23,910	0	23,910	24,210	24,355	255	24,610
	National Library of Wales	10,835	11,235	11,144	(200)	10,944	0	10,944	11,194	11,144	0	11,144
	Support for Local Culture & Sport	3,287	2,204	2,060	(298)	1,762	26,000	27,762	44,462	2,060	757	2,817
	Creative	1,708	1,786	1,708	0	1,708	0	1,708	1,708	1,708	0	1,708
Total Support for Culture and the Arts		**69,294**	**69,489**	**71,309**	**(943)**	**70,366**	**51,200**	**121,566**	**131,716**	**71,309**	**1,012**	**72,321**
Media and Publishing	Books Council of Wales	3,649	3,814	3,730	0	3,730	0	3,730	3,730	3,730	0	3,730
Total Media and Publishing		**3,649**	**3,814**	**3,730**	**0**	**3,730**	**0**	**3,730**	**3,730**	**3,730**	**0**	**3,730**
Support the Historic Environment	Cadw	11,608	10,452	12,411	0	12,411	300	12,711	12,411	12,411	1,000	13,411
	National Botanic Garden of Wales	581	581	594	0	594	0	594	834	594	0	594
	Royal Commission on the Ancient and Historical Monuments for Wales	1,853	1,623	1,764	(33)	1,731	0	1,731	1,731	1,764	0	1,764
Total Support for the Historic Environment		**14,042**	**12,656**	**14,769**	**(33)**	**14,736**	**300**	**15,036**	**14,976**	**14,769**	**1,000**	**15,769**
TOTAL RESOURCE		**86,985**	**85,959**	**89,808**	**(976)**	**88,832**	**51,500**	**140,332**	**150,422**	**89,808**	**2,012**	**91,820**

CAPITAL		2019-20		2020-21						2021-22		
Action	**BEL Description**	**Second Supp Budget £'000**	**Final Outturn £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**First Supp Budget £'000**	**Change £'000**	**Second Supp Budget £'000**	**Forecast £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**New plans Draft Budget £'000**
Support for Culture and the Arts	Arts Council of Wales	355	424	755	0	755	2,000	2,755	4,452	755	820	1,575
	Amgueddfa Cymru - National Museums of Wales	2,136	1,786	3,547	0	3,547	0	3,547	4,267	3,547	650	4,197
	National Library of Wales	1,955	1,305	3,095	0	3,095	0	3,095	3,095	3,095	100	3,195
	Support for Local Culture & Sport	1,630	1,447	1,430	0	1,430	1,000	2,430	2,513	1,430	0	1,430
	Creative	515	2,111	5,989	0	5,989	0	5,989	5,989	5,989	1,000	6,989
Total Support for Culture and the Arts		**6,591**	**7,073**	**14,816**	**0**	**14,816**	**3,000**	**17,816**	**20,316**	**14,816**	**2,570**	**17,386**
Media and Publishing	Books Council of Wales	30	175	780	0	780	0	780	780	780	(750)	30
Total Media and Publishing		**30**	**175**	**780**	**0**	**780**	**0**	**780**	**780**	**780**	**(750)**	**30**
Support the Historic Environment	Cadw	4,710	4,014	8,731	0	8,731	(3,700)	5,031	5,011	8,731		8,731
	National Botanic Garden of Wales	95	395	195	0	195	0	195	195	195	180	375
	Royal Commission on the Ancient and Historical Monuments for Wales	95	97	15	0	15	0	15	35	15		15
Total Support for the Historic Environment		**4,900**	**4,506**	**8,941**	**0**	**8,941**	**(3,700)**	**5,241**	**5,241**	**8,941**	**180**	**9,121**
TOTAL CAPITAL		**11,521**	**11,754**	**24,537**	**0**	**24,537**	**(700)**	**23,837**	**26,337**	**24,537**	**2,000**	**26,537**
TOTAL RESOURCE & CAPITAL		**98,506**	**97,713**	**114,345**	**(976)**	**113,369**	**50,800**	**164,169**	**176,759**	**114,345**	**4,012**	**118,357**

AME		2019-20		2020-21						2021-22		
Action	**BEL Description**	**Second Supp Budget £'000**	**Final Outturn £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**First Supp Budget £'000**	**Change £'000**	**Second Supp Budget £'000**	**Forecast £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**New plans Draft Budget £'000**
Sponsored Bodies Pensions	Amgueddfa Cymru - National	2,391	0	2,391		2,391		2,391		2,391	6,609	9,000
	National Library of Wales Pension Provision - AME	622	0	622		622		622		622	4,378	5,000
TOTAL AME		**3,013**	**0**	**3,013**	**0**	**3,013**	**0**	**3,013**	**0**	**3,013**	**10,987**	**14,000**

Culture, Welsh Language and Communications Committee

Date: **Thursday 14 January 2021**
Time: **10:45-11:45am**
Title: **Evidence paper to inform scrutiny of Draft Budget 2021-22 – Welsh Language budgets**

Purpose

1. To provide information in relation to the Welsh language budget proposals as outlined in the Draft Budget 2021-22 published on 21 December 2020. 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* with two overarching targets:
    - The number of Welsh speakers to reach 1 million by 2050.
    - The percentage of the population that speak Welsh daily, and can speak more than just a few words of Welsh, to increase from 10 per cent (in 2013–15) to 20 per cent by 2050.

3. 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.

4. The *Cymraeg 2050*: *Work Programme 2017-21* published in tandem with the strategy, sets out our plans for the current Senedd to lay the required foundations for the strategy. More information on the milestones included in the Work Programme is included at paras 37-59 of this paper.

5. Of course, most of the Welsh Government's work, including our projects on the Welsh language, have been challenged this year due to COVID-19. But, with each challenge comes opportunity: a chance to look at things in a different way. I'm delighted by the range and variety of work that's been done during the COVID-19 period, not only here in the Welsh Government, but also by our partners, groups and individuals across the whole of Wales.

6. We'll prepare our second Work Programme next year, and this will need to reflect how the way we live has changed. By keeping an eye on policies as they change and responding proactively to those changes, we'll make sure that we're constantly aware and working towards our overall aims and vision for a million Welsh speakers by 2050.

7. Although the context of our work has changed dramatically since the launch of *Cymraeg 2050*, our strategic priorities have remained the same. The hard work we've already done and the new opportunities we've seen over the past

year are a strong foundation for the next government to continue our vision of reaching a million Welsh speakers by 2050 and for doubling the daily use of Welsh.

8. Prosiect 2050 has now been established to give added impetus to efforts to deliver the *Cymraeg 2050* strategy. This new multidisciplinary language planning unit is 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.
    - 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*.

9. The Welsh Government's Programme for Government, the Well-being of Future Generations (Wales) Act 2015 and *Cymraeg 2050* all support each other.

2021-22 Draft Budget Allocations

10. The 2021-22 Draft Budget provides a one year spending plan for both revenue and capital. The total Welsh Language budget is £36.977m, consisting of £36.947m resource and £0.030m capital. The Minister for Education has responsibility for Welsh-medium and bilingual education which is supported with a resource budget of £12.675m. The tables below show the total Welsh Language budgets by portfolio:

TABLE 1: Overview of the Resource Budget – Total Welsh Language

Action	Budget Expenditure Line (BEL)	2020-21 Final Budget £'000	Baseline Adjustments £'000	Revised Baseline £'000	Change £'000	2021-22 New Plans Draft Budget £'000
Mental Health, Wellbeing and Welsh Language MEG						
Welsh Language	Welsh Language	20,949	-	20,949	-	20,949
	Welsh Language Commissioner	3,207	-	3,207	116	3,323
Total		**24,156**	**-**	**24,156**	**116**	**24,272**
Education MEG						
Welsh in Education	Welsh in Education	12,675	-	12,675	-	12,675
Total	**TOTAL**	**12,675**	**-**	**12,675**	**-**	**12,675**
Overall Total		**36,831**	**-**	**36,831**	**116**	**36,947**

TABLE 2: Overview of the Capital Budget – Total Welsh Language						
Action	**Budget Expenditure Line (BEL)**	**2020-21 Final Budget £'000**	**Baseline Adjustments £'000**	**Revised Baseline £'000**	**Change £'000**	**2021-22 New Plans Draft Budget £'000**
Welsh Language	Welsh Language Commissioner	385	(385)	-	30	30
Total		**385**	**(385)**	**-**	**30**	**30**
Overall Total		**385**	**(385)**	**-**	**30**	**30**

11. I must also note that the aim is to mainstream *Cymraeg 2050* into all Welsh Government portfolio areas and there is already expenditure on the language embedded in delivery within many other ministerial portfolios.

Impact of the pandemic on the 2021-22 budget allocations

12. As a result of the pandemic, in the First Supplementary Budget 2020-21, published on 27 May, £1.995m of revenue was identified and returned to the central reserve from the Welsh Language BEL in order to support Welsh Government COVID-19 priorities. The budgets repurposed to support these efforts related to three categories:

- Those things that could no longer happen as a result of the pandemic (for example certain Urdd activities and some funding in relation to Welsh in the community);
- Those activities that could be delayed (for example in relation to the Understanding Bilingualism project, the new policy on language transmission and use in families, Review of Language Promotion Grants, the contract for external specialists to advise Prosiect 2050); and
- Those that that could be done differently (these were especially relevant to activities in the community, or those that pertain to learning e.g. courses run by the National Centre for Learning Welsh that could be successfully moved online).

13. Welsh Government has also made funding available for a range of interventions to respond to, and mitigate the impact of, the current crisis. This included additional funding to some partners for example: £3.1m capital (Education MEG) to the Urdd to provide support in the absence of it being able to create income from its residential centres and £0.5m (Mental Health, Wellbeing and Welsh Language MEG) to the National Eisteddfod to provide support with the costs associated with the postponement of the Tregaron Eisteddfod.

14. For Draft Budget 2021-22 the baseline used for comparative purposes is Final Budget 2020-21. As a result the reduction of £1.995m to 2020-21 budgets in response to COVID-19, and published in First Supplementary Budget 2020-21, are not reflected in draft budget and have been reinstated in full for 2021-22, as the realignment exercise concentrated on the financial year 2020-21 only. This is with exception of £0.2m for the National Centre for Learning Welsh's budget where the reduction has been made possible due to operational savings made due to the shift towards online learning. Further details can be found in paragraph 60-65.

15. I will continue to review the impact of the pandemic on the organisations that we fund as we move into the next financial year in order to ensure that any decisions best meet the evolving challenges presented by the pandemic. The Minister for Finance and Trefnydd wishes to retain as much flexibility as possible now as we better understand the impact of the winter months on the spread of the disease. In particular the additional funding needed to support the NHS and local government as they stand at the forefront of our response to the pandemic. Consideration will also be given for other areas such as the Welsh language and I reserve the right to apply for funding from the COVID-19 reserve funding to help with Welsh language organisations.

Final out-turns for 2019-20 and forecast out-turns for 2020-21

16. The final outturn for 2019-20 for Welsh Language was £36.5m and the forecast outturn for 2020-21 is £35.5m with no significant variance to budgets as detailed in **Annex A**.

Part 1: Commentary on Budget Expenditure Line (BEL) allocations

Welsh Language BEL (Mental Health, Wellbeing and Welsh Language MEG)

17. 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.

18. Funding within the Welsh Language BEL has been maintained at £20.949m for 2021-22. The budget primarily supports partnership activities including:

- Cymraeg i Blant (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 41.
- The delivery of Welsh-language training through the National Centre for Learning Welsh. Further detail is provided at para 60-64.
- 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 the Welsh Language Tribunal.
- Research, evaluation and marketing in respect of the strategy.

Welsh Language Commissioner BEL (Mental Health, Wellbeing and Welsh Language MEG)

19. The budget (revenue of £3.207m and capital £0.030m) supports the Welsh Language Commissioner (further detail at para 77-78) 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 (Education MEG)

20. The budget has been maintained at £12.675m for 2021-22. 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 into Welsh-medium education.
    - The planning of Welsh-medium education to include preparatory work for the implementation of the new 10 year Welsh in Education Strategic Plans (WESPs) in line with the Welsh in Education Strategic Plans (Wales) (Amendment) (Coronavirus) Regulations 2020, which came into force on 1 December 2020.
    - 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

21. 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.

22. 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[1] at the beginning of the financial year, followed by an Annual Report[2] 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.

23. The Welsh Language Partnership Council plays a role in advising on progress towards the 2050 target and the efficacy of our programmes and interventions. The Cymraeg 2050 Programme Board within the Welsh Government is tasked with assessing risks and identifying steps to mitigate them and mainstreams the strategy in each of the Government's policy areas.

24. Additionally, I have established Prosiect 2050 to give added impetus to efforts to deliver the *Cymraeg 2050* strategy as detailed above at paragraph 8. This is in line with the recommendations made in the report that the Committee published in July 2019 following its inquiry into "Supporting and Promoting the Welsh Language".

25. In terms of evaluation, we've used the findings of a research study published in 2017: Welsh Language Transmission and Use in Families to inform our new national Policy on Language Transmission and Use in Families which I will publish in the New Year.

26. We published the Evaluation of the Siarter Iaith and its associated programmes in July 2020. We're currently using findings and recommendations to inform the design and delivery of the Siarter Iaith in the future.

27. 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 final report of the evaluation has been delayed due to COVID-19 and will be published in the New Year.

28. As well as these evaluations, we published a research study on the relationship between the Welsh language and the economy in February 2020. The study provides 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. As a result of the report, I set up an economy and Welsh language sub-group within the Welsh Language Partnership Council. The sub-group will look at the evidence within the report as well as other

[1] https://gov.wales/sites/default/files/publications/2020-03/cymraeg-2050-a-million-welsh-speakers-action-plan-202021.pdf
[2] https://gov.wales/welsh-language-strategy-annual-report-2019-2020

sources. The aim of the sub-group is to provide advice on how the relationship between economic development and the Welsh language can be strengthened and what economic interventions could be implemented to strengthen the Welsh economy, which will also support the Welsh language.

29. Regarding preventative spend, we are continuing to invest 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 and transmission in the family.

30. 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 encouraging informal Welsh-language use among school children from an early age)**.**

31. 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 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.

32. We launched the Plan on 23 October 2018. It 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).

33. We reacted to the challenges posed by COVID-19 by arranging that Cysgliad (a package of Welsh resources for example a spell-checker and a tool that helps with mutations, from Bangor University) became available free of charge for use by individuals, small businesses and every school in Wales. I believed that this was important under the new circumstances, especially for school pupils

and their parents. I was aware that it could be difficult for many children learning independently at home with support from their parents and carers when schools were closed during the first lockdown. Sometimes, there wasn't an adult able to speak Welsh at home to help them with their work.

34. Recently, we have also amended the targets set for Bangor University under its grant agreement in order to provide a resource that can subtitle Welsh videos automatically. This is in response to a request from universities who wish to subtitle lectures on video, so that they're available for students no longer able to attend lectures due to the pandemic.

35. Our Helo Blod translation and advice service for small businesses and the third sector also uses the latest translation automation technology to assist qualified human translators to provide swift and consistent translations. This also ensures value for money by never paying for the same or similar translations.

36. 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 your portfolio to support the Cymraeg 2050 Welsh language strategy and associated action plan.

37. 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.

38. Not all milestones fall within my portfolio. However in relation to each one, expenditure is allocated appropriately to drive an increase towards these milestones.

39. 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 51-59.

40. 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**

41. To support this aim, we will continue to invest in the Cymraeg for Kids programme in 2021-22 with funding of £0.730m allocated. 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.

42. Cymraeg for Kids will support the new national policy on language transmission and use in families (see paragraph 25). Encouraging families to choose Welsh is an important part of *Cymraeg 2050* and this policy outlines how we plan to make sure parents and carers are given the best possible support and encouragement to choose to use Welsh with their children.

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

43. 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 (2021-22: £20.949m) and Welsh Language Commissioner BEL (2021-22: £3.237m, revenue £3.207m and capital £0.030m). Under the 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. These revenue budgets have been maintained for 2021-22.

44. 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 and Merched y Wawr);
- Local Newspapers (papurau bro).
- Helo Blod.
- 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).
- Cymraeg for Kids.
- Dydd Miwsig Cymru.

45. While COVID-19 has changed our lives, and has been a distressing time for us all, it is so encouraging to see how people have responded to the challenge. I have been very impressed by the innovation, determination and creativity demonstrated by our partners. Eisteddfod T and Eisteddfod AmGen were extremely successful, the Young Farmers and Merched y Wawr undertook excellent voluntary work of and all sorts of interesting events were held online by the mentrau iaith. We've seen more learners than the past three years combined, signing up for the National Centre for Learning Welsh's online taster courses since March this year. This all shows the important work our partners have been

doing, driving Welsh language policy and delivering *Cymraeg 2050*'s aims during this difficult time.

46. Much of the new and innovative work undertaken will become part of our new way of working in 2021-22 and beyond. We will continue to support our partners as we adapt continuously to the new and changing world.

47. One of the Welsh Language Partnership Council's sub-groups (Increasing Language Use in the Community sub-group) held an on-line survey of Welsh language community groups between 14 September and 10 October 2020. The aim was to assess the impact of the restrictions imposed by COVID-19 on the opportunities that are available to use Welsh in the community. We received 1,092 responses.

48. On 10 December, we published *The effects of COVID-19 on Welsh language community groups – survey findings*. This was steered by a dedicated sub-group of the Welsh Language Partnership Council who have drafted a series of recommendations based on the report's findings. I'll be responding to these recommendations soon.

49. The report provides evidence of how Welsh language community groups operated before the coronavirus pandemic and since the first UK–wide lockdown and provides their thoughts about their future. Acting upon the recommendations will help us to safeguard opportunities to use Welsh at a community level in the future. This work will be taken forward in 2021-22.

50. It's very difficult to measure language use. One way is by conducting language use surveys. Work began on a new Language Use Survey in July 2019, and was due to continue until the end of March 2021. Due to COVID-19, the survey was suspended in mid-March 2020. We'll publish the results collated so far by the end of 2020-21.

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

51. 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 20, the budget stands at £12.675m for 2021-22.

52. Activities funded from the Welsh in Education BEL 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.

53. *Cymraeg 2050* is a cross-cutting policy, supported not just through the Welsh Language BELs and Welsh in Education BEL. For example, the Sabbatical Scheme and CYDAG are supported through funding of £1.65m within the Teacher Development and Support BEL of the Education MEG. 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. An additional £1m has also been allocated to the Curriculum and Assessment BEL in 2021-22 for bilingual resources to support effective implementation of the new Curriculum for Wales in September 2022.

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

54. The £3.031m provided to Mudiad Meithrin has enabled it to support its membership of over 450 Cylchoedd Meithrin and more than 400 Cylchoedd Ti a Fi to strengthen and expand its services. It has also enabled it to continue with a programme focusing solely on establishing new Welsh-medium early years provision in areas of Wales where there is a current lack of such services as an access point to Welsh-medium education. Through this work, 21 new Cylchoedd Meithrin and 21 new Cylchoedd Ti a Fi have been established since 2018. The work to develop staff and volunteers at its member settings has also continued, and has this year included sessions tailored to respond to the challenges the early years sector has faced during this year. This budget will be maintained in 2021-22 and Mudiad Meithrin will continue to build early years capacity to provide a path into Welsh-medium edication.

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

55. We have allocated funding of £0.1m from the Welsh in Education BEL to support work on the Welsh in Education Strategic Plans (WESPs). Under this work stream, new *Draft Welsh in Education Strategic Plans (Wales) Regulations 2019* have been prepared and were laid on 5 December 2019 setting out new arrangements for the preparation and implementation of Welsh in Education Strategic Plans. New provisions will 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 individual local authority need to make in order to support the Welsh Government's *Cymraeg 2050* education milestone targets. These Regulations came into force on 1 December 2020.

56. Furthermore, we completed a review of school categories according to Welsh-medium provision in December 2019, in accordance with recommendations

made by the WESP Advisory Board in May 2019. The Minister for Education launched a consultation on high level options to redefine school categories according to Welsh-medium provision on 14 December. This may lead to revision of the School Organisation Code and potentially new guidance around school categories. Early indications suggest that we are on track to reach the overall 2021 milestone of 24% learners in Welsh-medium Education.

57. Our efforts in 2021-22 will concentrate on supporting local authorities in their preparation of new 10 year Welsh in Education Strategic Plans (WESPs). This will include:
    - Advice and guidance around communication and promotion of Welsh-medium education (including a package of digital resources for LAs to use).
    - Procurement of Welsh language and education consultants to advise LAs on aspects of WESP implementation, such as progression from Welsh-medium primary and work around school categorisation.

58. **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).

59. 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 2021-22. I have recently published figures in relation to progress against this target in the *Cymraeg 2050* Annual Report for 2019-20.

Part 3: Specific areas

Updates on allocations in 2020-21 budget

An update on the budget allocation for the National Centre for Learning Welsh following a reduction in its budget in response to the pandemic

60. We allocated a total of £13.21m from the Welsh Language BEL to the National Centre for Learning Welsh in 2020-21. This allocation was split as follows:

£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.

61. During the year, due to COVID-19, the Centre's total funding was reduced by £1.533m: £1.02m of that reduction was made to the Cymraeg Gwaith budget, reducing its budget to £1.48m; £0.337m was removed from the grant to the 11 providers, reducing their funding to £8.473m; and the Centre's central grant was reduced by £0.176m, leaving a budget of £1.724m. Some of these cuts were made possible due to the Centre and its providers being unable to continue to provide some elements of their provision, such as face to face learning and residential courses.

62. Due to the Centre's swift and professional response to the pandemic, they utilised the funding 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.
- Continue to provide the Cymraeg Gwaith (Work Welsh) initiative, offering tailored training to build Welsh language skills in the workplace.

63. The Centre's allocation for 2021-22 will be £13.01m. We have therefore reinstated the Centre's budget to the pre-COVID-19 level (2020-21 final budget) with the exception of £0.2m. This £0.2m has been redirected to fund Welsh language infrastructure projects that will include creating a policy for better co-ordinating corpora, dictionaries and terminological resources in order to strengthen the infrastructure that supports language use.

64. This has been achieved by reducing the grant total to the 11 providers by £0.150m to £8.660m and reducing the grant paid to fund the Centre's running costs by £0.05m to £1.85m. These have been made possible due to operational savings brought about by no face to face lessons taking place, and due to the Centre developing different ways of working during the COVID-19 crisis. The reduction in funding will not affect the levels of service to learners and will not result in any job losses within the sector.

65. Cymraeg Gwaith's funding has been fully reinstated to £2.5m to allow that important initiative to return to its full capacity and to enhance the support it can give to specific sectors.

Progress and use of the £30 million made available for capital projects to support and increase the use of the Welsh language in education, and the impact of the pandemic on the timetable for approved projects

66. 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.

67. These projects will provide a boost 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 and 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 and 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.
- Refurbishing and remodelling four Urdd settings in Glan-llyn, Llangrannog and Pentre Ifan.

68. The pandemic has had some impact on the delivery of projects with completion dates for some projects being moved further along into 2022. However, the majority of the 46 projects are well underway, with eight projects already complete, and over £16.1m claimed to date.

69. The Minister for Education officially opened, and welcomed new students to Pantycelyn Hall of Residence on 18 September, and look forward to the official opening of Glan-llyn Isa in the New Year. The Ysgol y Wern project in Cardiff and Denbighshire's Welsh Language Centre at Ysgol Glan Clwyd are also now complete. Welsh-medium nursery provision has also been delivered at three settings in RCT and one in Torfaen. We are expecting the majority of projects to be complete by 2021/22.

Take up of the *Iaith Athrawon Yfory* financial incentive, and how much has been set aside for the continuation of this incentive

70. We continue to provide incentives for student teachers from Wales undertaking Initial Teacher Education (ITE) and the Minister for Education has maintained the Iaith Athrawon Yfory incentive of £5,000 for each student who goes on to teach in Welsh. When set alongside other incentives for Welsh-medium teachers of priority subjects, this means an eligible ITE student could

benefit from a total incentive of over £25,000 in 2020/21 and 2021/22 academic years.

71. The Iaith Athrawon Yfory (IAY) Welsh-medium incentive[3] of £5,000 is structured as follows; £2,500 payable on successful completion of QTS in the summer term and a further £2,500 payable on successful completion of induction in a Welsh-medium or bilingual secondary school, or on successful completion of induction teaching Welsh in any secondary setting (within a set time frame). Only those students who claim the first payment under the scheme can claim the second payment under the scheme.

72. When the scheme was first launched in 2018, we set ourselves the ambitious target of 100 applicants with a budget allocation of £0.5m. This continues to be the case.

- **Academic year 2018/19** – The deadline for claiming the first payment was 31 August 2020 with a total of 59 eligible students claiming. The deadline to claim the second payment will be 31 August 2023; to date 38 of the 59 elligible students have claimed.
- **Academic year 2019/20** – The deadline for claiming the first payment is 31 August 2021 with a total of 92 eligible students claiming to date. The deadline to claim the second payment will be 31 August 2024; due to the time of year, no claims have yet been made for the second payment.
- **Academic year 2020/21** – Due to the time of year, no claims or payments have yet been made against the 2020/21 Scheme.

Details of any assessments undertaken relating to funding aimed at increasing the number of learners studying Welsh as a subject at A-level and at university

73. In May 2019, the Minister for Education agreed £0.145m to be allocated from the Raising School Standards BEL in 2019-20 and 2020-21 to support a programme of activities aimed at increasing the number of learners studying Welsh at A Level in order to increase the pipeline to continue to study Welsh at university.

74. Working in partnership with the Coleg Cymraeg Cenedlaethol, in 2019/20 academic year 62 schools and colleges received a grant of between £800 and £1,500 to support activities to improve Welsh language learning experiences, and to support the cost of maintaining provision in settings where the numbers studying the subject were low. Due to COVID-19, some schools had to adapt their original plans. We are in the process of awarding similar grants for 2020/21 academic year.

75. In addition, resources have been developed for schools to use in parents' evenings to promote Welsh as a subject at A-level, and a marketing campaign was launched in November 2020. This was due to start in March 2020, but had to be delayed due to COVID-19.

[3] https://gov.wales/iaith-athrawon-yfory-incentive-scheme-2019-2020-academic-year

76. Through the Coleg Cymraeg Cenedlaethol, two projects have been funded and delivered by Welsh university departments:
    - A pilot programme for mentoring learners 14-18 years of age in Welsh and English-medium schools to give undergraduate students of Welsh an opportunity to support learners as they study the language.
    - An online module on how Welsh language skills can be invaluable in the workplace.

77. There has been a disruption to this work due to COVID-19, therefore it is too early to assess the impact of the funding. However, an evaluation of the activity taken place to date will be commissioned in due course to inform future developments.

Welsh Language Commissioner

Allocations and commentary in respect of the budget allocation for the Welsh Language Commissioner in 2021-22

78. The Welsh Language Commissioner's resource allocation for 2021-22 is £3.323m, maintaining the revenue funding at £3.207m and providing a non-cash depreciation budget of £0.116m following the investment in the new IT system in 2020-21.

79. In 2020-21, an additional capital allocation of £0.385m to support essential upgrades to the IT system was made. As a result of this previous investment, we will provide an additional capital investment of £0.030m during 2021-22. The Commissioner's intention is to use this capital to upgrade the website, moving it to a more modern platform and updating the image, structure and content.

Annex A

MENTAL HEALTH, WELLBEING & WELSH LANGUAGE MEG

RESOURCE		2019-20	2020-21						2021-22		
Action	**BEL Description**	**Final Outturn**	**Plans as per 2020-21 Final Budget**	**Changes**	**1st Supplementary budget**	**Changes**	**2nd Supplementary budget**	**Forecast (Period 8)**	**Baseline**	**Changes**	**New plans draft budget**
Welsh Language	Welsh Language	20,992	20,949	-1,595	19,354	0	19,354	19,536	20,949	0	20,949
	Welsh Language Commissioner	3,157	3,207	0	3,207		3,207	3,268	3,207	116	3,323
TOTAL BUDGET		**24,148**	**24,156**	**-1,595**	**22,561**	**0**	**22,561**	**22,804**	**24,156**	**116**	**24,272**

CAPITAL		2019-20	2020-21						2021-22		
Action	**BEL Description**	**Final Outturn**	**Plans as per 2020-21 Final Budget**	**Changes**	**1st Supplementary budget**	**Changes**	**2nd Supplementary budget**	**Forecast (Period 8)**	**Baseline**	**Changes**	**New plans draft budget**
Welsh Language	Welsh Language Commissioner	0	385	0	385	0	385	385	0	30	30
TOTAL BUDGET		**0**	**385**	**0**	**385**	**0**	**385**	**385**	**0**	**30**	**30**

TOTAL MHW&WL MEG		**24,148**	**24,541**	**-1,595**	**22,946**	**0**	**22,946**	**23,189**	**24,156**	**146**	**24,302**

EDUCATION MEG

RESOURCE		2019-20	2020-21						2021-22		
Action	**BEL Description**	**Final Outturn**	**Plans as per 2020-21 Final Budget**	**Changes**	**1st Supplementary budget**	**Changes**	**2nd Supplementary budget**	**Forecast (Period 8)**	**Baseline**	**Changes**	**New plans draft budget**
Welsh in Education	Welsh in Education	12,369	12,675	-350	12,325	0	12,325	12,325	12,675	0	12,675
TOTAL BUDGET		**12,369**	**12,675**	**-350**	**12,325**	**0**	**12,325**	**12,325**	**12,675**	**0**	**12,675**

Total Welsh Language Budgets	**36,517**	**37,216**	**-1,945**	**35,271**	**0**	**35,271**	**35,514**	**36,831**	**146**	**36,977**

Climate Change, Environment and Rural Affairs Committee

Date: **Thursday 14 January 2021**
Time: **13:45 – 15:15**
Title: **Evidence paper – Draft Budget 2021-22**
Cabinet Secretary for Environment, Energy and Rural Affairs

Purpose

1. This paper provides information to the Climate Change, Environment and Rural Affairs Committee on the Environment, Energy and Rural Affairs (EERA) (MEG) proposals outlined in Draft Budget 2021-22, published on 21 December. It also provides an update on specific areas of interest to the Committee.

Background

2. The draft budget 2021-22 provides a one-year plan for revenue investment and a one-year for capital investment. The tables below provide an overview of the Environment, Energy and Rural Affairs (MEG) as published in Draft Budget 2021-22.

3. The draft budget figures are summarised as follows:

Table 1. Summary changes to EERA MEG Draft Budget 2021-22

EERA MEG			**£m**
EERA Summary	**2020-21 Restated £m**	**Changes**	**2021-22 Draft Budget £m**
Revenue DEL	475.482	32.077	507.559
Non Cash DEL	21.675	0.000	21.675
Capital DEL	154.892	35.000	189.892
Total DEL	**652.049**	**67.077**	**719.126**
Resource AME	2.400		2.400
Total AME	**2.400**		**2.400**

Note: 2020-21 Restated is Final budget adjusted for non-recurrent EU Transition Funding

4. To enable a like for like comparison of the 2021-22 draft budgets with the 2020-21 final restated budgets, the attached Budget Expenditure Line (BEL) table will detail all of the movements from both MEG to MEG and Intra MEG changes.

Strategic Context to the 2021-22 Draft Budget

5. In light of the Coronavirus crisis, the UK Government conducted a one-year Spending Review in November rather than conducting the planned multi-year Comprehensive Spending Review. The Spending Review set our settlement for 2021-22 only. While we had hoped to be in a position to provide longer-term financial certainty for our partners, we are now only able to set revenue and capital plans for a single year.

6. Our approach has therefore been to maximise the impact of available resources recognising that we will need to continue to deal with the impact of the pandemic alongside driving forward longer-term change. The allocations show how we are using the resources available to **Protect** public health and jobs as we continue to fight the pandemic, **Build** a greener future whilst making **Change**s for a fairer, more equal Wales. These are the principles, which anchor our approach to the allocation of funding and our budget proposals.

7. The past year has seen Wales face uncertainty and challenges not only through the Covid-19 pandemic, but also as a result of the EU exit transition period which ends on 31st December. We have been disappointed by the lack of transparency and meaningful engagement from the UK Government on transition matters and EU programme replacement funding, and even more so by the UK Government's failure to fulfil its commitment to replace EU funding in full at the November 2020 Spending Review.

8. Even where we were provided with funding in the Spending Review, the replacement farm funding provided by the UK Government is £137m less than we would expect for 2021-22, which will have impacts for our rural communities and environment. The UK Government's proposal for a UK-wide Shared Prosperity Fund will be worth just £220 million next year for the whole UK – a significant reduction compared to the £375m per year from which Wales alone currently benefits through the European Structural and Investment Funds.

9. On fisheries, the funding we have received at £2.1m will go some way to support the maritime and fisheries sector, which is particularly vulnerable to changes as a result of our exit from the EU. The funding we have received for fisheries and farm support is reflected in MEG allocation for the Environment, Energy and Rural Affairs portfolio.

10. From the outset, the Cabinet have prioritised health, together with providing local government with the best possible settlement. Our preparations has been shaped by our focus on **protecting** health and jobs, **building** a greener future and driving **change** for a more equal, fairer Wales.

11. The publication of the UK Government's one-year Spending Review on 25 November impacted upon the timing of this year's budget. The Welsh Government has, with the agreement of the Senedd's Business Committee and Finance Committee, triggered exceptional arrangements in relation to this year's budget process.

12. This includes publishing the budget documentation, including the strategic spending plans for revenue and capital, taxation and borrowing proposals, as well as detailed portfolio spending plans together on 21 December. Following scrutiny of these plans by Senedd Cymru, we will publish the final Budget 2021-22 on 2 March 2021.

2021-22 Draft Budget – Resource Revenue

13. The Restated Revenue baseline includes adjustments for EU transition funding, invest to save repayments, a re-alignment of Ministerial responsibilities from the Housing and Local Government (HLG) MEG and the addition to the baseline of the Previous EU funded Farm Funding Basic Payment Scheme (BPS).

Table 2. Reconciliation of Opening Baseline

	2021-22 Draft Budget £m
Opening Resource Revenue Budget	
2020-21 Published Final Budget	195.095
2020-21 Ministerial Re-alignment from HLG	48.658
Basic Payment Scheme Added to Baseline	231.145
Adjust for Non Recurrent EU Transition Funding	(0.170)
Adjust for Invest to Save Repayment	0.754
Adjusted Baseline as per Cabinet Paper 14 Dec	**475.482**

14. The Cabinet on 14 December 2020 presented indicative MEG level allocations, by our focus on **protecting** health and jobs, **building** a greener future and driving **change** for a more equal, fairer Wales. The indicative allocations show there has been a net increase of £33m (7%) to the EERA Resource budgets. This includes reductions to the MEG in respect of previous year non recurrent funding and a MEG to MEG transfer of £1.145m to the Housing and Local Government MEG in respect of the Coastal Risk Management Programme.

15. Additional funding has been allocated to the "Building a Greener Future" priority of the Welsh Government Draft Budget. Additional allocations of £5m to Clean Energy and Fuel Poverty, £5m to Biodiversity, £13.2m towards Post EU Farming and Fisheries, and £6.6m to the Circular Economy.

Table 3. Allocation of Additional Resource - Revenue from Cabinet

	2021-22 Draft Budget £m	
Adjusted Opening Baseline		**475.482**
Prior Commitment – Coastal Risk Management Programme		3.363
Specific Allocations		16.624
Post EU Farm and Fisheries		13.235
Total of Allocations		**33.222**
Transfer of Funds to Housing and Local Gov MEG		(1.145)
Draft Budget 2021-22 Revenue Budget (See Bel Table)		**507.559**
	BEL	
Application of Additional Allocations (£33.222m)		
Energy - Fuel Poverty	1270	1.058
Energy - Welsh Government Energy Service	2809	2.334
Energy - Climate Change Action	3771	1.608
Flood - Coastal Risk Management Program (CRMP)	2230	3.363
Biodiversity - Biodiversity, Evidence and Plant Health	2825	3.550
Biodiversity - Landscape and Outdoor Recreation	2490	1.450
Resource Efficiency and Circular Economy	2190	6.624
EU Funded Fisheries Schemes	2830	2.100
Agriculture EU Pillar 1 Payments (BPS) top up	2787	6.855
Rural Development Plan	2949	4.280
Total Allocations to BEL's		**33.222**

2021-22 Draft Budget - Capital

16. For EERA, there has been a net increase in the capital budget of £35m in 2021/22. Of this £15m has been allocated to Clean Energy and Fuel Poverty and £20m to Circular Economy.

17. 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 Clean Energy and the Circular Economy which contributes significantly to the Decarbonisation and impacts of Climate Change.

Table 4. Additional Capital Allocations 2021-22

Summary Capital Budget Changes	2021-22 Draft Budget £m
Opening Capital Budget 2020-21	**130.992**
2020-21 Ministerial Realignment from HLG MEG	26.400
Adjust for Non Recurrent EU Transition Funding	(0.500)
Non Recurrent Financial Transaction Funding	(2.000)
Additional Funding-Fuel Poverty (BEL 1270)	4.000
Additional Funding-Welsh Government Energy Service (BEL 2809)	11.000
Additional Funding-Circular Economy (BEL 2190)	20.000
Draft Capital Budget 2021-22	**189.892**

Programme for Government – Prosperity for All

18. 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.

19. 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.

20. 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 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.

21. 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 £31m, 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.

22. In 2021-22 we are allocating an additional £15m of capital funding and £5m of revenue on top of existing budgets to ensure that we maximise the benefits of both our fuel poverty, and renewable energy programmes, taking our total investment in these programmes in 2021-22 to £40m.

23. This Government has committed to increasing our climate change ambition in line with the Committee on Climate Change's Net Zero advice. We are continuing to invest in our ambition in a way which creates opportunities for the Welsh economy and supports our communities, making them healthier and fairer.

24. Woodlands and trees can play and important role in supporting biodiversity, both in urban and rural locations. At the heart of our approach to tackling the decline and biodiversity our National Forest programme aims to improve the condition and connectivity of our most precious ancient woodlands and to accelerate the rate of tree planting. Not only have we maintained the £4.5m of capital funding we provided this year, we are investing an additional £5m of revenue funding to accelerate that programme.

25. The National Forest will create more mixed woodlands, expand existing woodlands, bring them into active management supporting tree health and tackling pests and diseases early and look for opportunities to connect woodlands together in time supporting ecological resilience.

Decarbonisation, Carbon Budgets and higher statutory emissions reductions target

26. We have continued to focus our budget preparations across Government on decarbonisation.

27. 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 Climate Change Committee (CCC) 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.

28. Since the publication of our Plan, we declared a climate emergency and accelerated our ambition. Last year I accepted the CCC's recommendation to increase Wales's 2050 target to 95% and requested further advice on how the new 2050 target affects the interim targets and carbon budgets set in 2018. We have now received further advice and the advice from the CCC is clear on the basis of evidence and independent analysis, that there is a credible, feasible and affordable path to net zero for Wales by 2050.

29. We are now focussing on the development of our next Low Carbon Delivery Plan, which will cover the second carbon budget period. We have started to develop the Plan and the policies and proposals to meet out 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 are currently reviewing the advice from the CCC.

30. There is an important opportunity we have to align the preparations of both our next plan to meet the second carbon budget for 2021-26 and the successor to the current Wales Infrastructure Investment Plan.

31. We need to be clear on links between the financial budget and carbon budget. The current approach is that the “carbon budget” sets the trajectory for decreasing Carbon emissions, whilst the financial budget will highlight where spending in policy areas helps achieve the objective (e.g. decarbonisation measures).

32. 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.

How Welsh Government are responding to its declaration of a “climate emergency” and how it has influenced budget allocations

33. As part of our work to address the Climate Emergency and to deliver against the commitment for the public sector to be net zero by 2030, the circular economy funding will also continue to support the roll-out of Ultra-Low Emission Vehicles for recycling and waste collection. As well as reducing carbon emissions, this help to improve air quality, reduce noise, increase efficiency and lower long-term maintenance costs whilst also helping to capture greater added value from local renewable energy generation and supporting the wider growth in green jobs.

34. In this way, the additional funding allocation to a circular economy will help communities, town centres, schools, universities, businesses and local authorities to make the circular economy a reality in Wales. This funding will enable us to continue our work to not only improve recycling, but also address social inequalities. This includes building on the rapid expansion of Repair Cafés to create town centre and community hubs across Wales where people can take goods to be repaired or access items for re-use.

35. Welsh Government is committed to a green and blue recovery from Covid-19 and enhancing biodiversity which underpins our health, economy and wellbeing. The renewed Nature Recovery Action Plan, the National Forest and restoring Natura 2000 sites and peatlands are some of the initiatives we are taking to achieve this.

36. As a Government we have acknowledged the escalating nature emergency and that we, along with the rest of the UK and the world, have failed to make enough progress against the global targets, and the outcome of reversing the decline in biodiversity.

37. Through our policy initiatives we have taken action to truly embed biodiversity consideration across government in line with our Natural Resources Policy, the Nature Recovery Action Plan, our section 6 biodiversity and resilience of ecosystems duty, and most notably through our budgeting process.

38. I have acknowledged the escalating nature emergency, and that we, along with the rest of the UK and the world, have failed to make enough progress against the global targets, and the outcome of reversing the decline in biodiversity.

39. My officials are currently working with the UK biodiversity framework, the sub-national regions and governments and the Convention on Biological Diversity to develop ambitious indicators and targets for the next decade.

40. The Welsh and UK Governments are dependent on one another to achieve our climate ambitions. The UK's sixth carbon budget depends on Wales playing its part, just as Wales cannot meet our targets without UK Government action. I look forward to working with the UK Government to ensure the benefits and costs of the transition to net zero are shared fairly by all parts of the UK.

41. Emissions data suggests we are on track to achieve our first carbon budget and the 2020 target but future budgets and targets will be even more demanding. We all need to redouble our efforts if Wales is going to make its fair contribution to tackling the climate emergency.

How the setting of biodiversity as the eighth PFA priority has influenced this year's budget setting process and budgets that will contribute to reversing the decline in Biodiversity

42. Last year, including biodiversity as one of the 8 cross cutting priorities for the first time, raised awareness of its importance and acknowledging the urgent need to reverse the decline in biodiversity. This year included a call to prioritise capital investment in climate change and biodiversity alongside our key investments in housing, town centres and public transport in the

allocation of additional capital funding, as well as mandatory consideration through impact assessments.

43. A Biodiversity Taskforce was funded through the 2020-21 budget to mainstream biodiversity across government delivery – additional funding has been provided for 2021-22 to continue this work.

44. The £33m funding package allocated specifically for biodiversity, nature and the National Forest allows us to build on the projects and programmes we have in place to help meet our national and international commitments for biodiversity, tackling the nature and climate emergencies whilst ensuring that our recovery from Covid is truly a green one.

45. The **Green Recovery Fund** working with the National Lottery Heritage Foundation will deliver improvements for nature that local communities are able to directly benefit from with improved access. This compliments our **Local Places for Nature Programme** which will be expanded and create 'nature on your doorstep' in more of our communities across Wales.

46. We will continue to take action to support the restoration of **Natura 2000** and other protected sites, havens to our most valuable and threatened species and habitats. Improving the condition of these sites is vital to creating resilient ecological networks across Wales whilst also providing benefits to people and businesses.

47. Continued investment in the restoration of our **Peatlands** through the National Peatland Action Programme (NPAP) will deliver benefits for biodiversity whilst also helping to tackle the effects of climate change through increased carbon capture and flood prevention.

48. The continued development of the **National Forest** will provide additional opportunities to enhance biodiversity through better-connected and managed woodlands.

Preventative spend

49. 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.

50. 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.

51. 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.

52. The National Strategy for Flood and Coastal Erosion Risk Management sets out the objectives for the management of flood and coastal erosion. 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.

53. Our continued investment into Welsh Government Energy Service 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.

54. 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. 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.

55. 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.

Evidence Based Policy Making

56. 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).

57. 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.

58. 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.

59. 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.

60. 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.

61. 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.

Wellbeing of Future Generations

62. 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.

63. 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.

64. 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.

65. 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.

66. 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.

67. 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.

Impacts on Equality, Welsh Language and Children's Rights

68. 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.

69. I am pleased to note we've not made any budget reductions in this draft budget, and so any impact assessments were carried out on a number of new budget and policy initiatives.

70. The results from the impact assessments show that there are no disproportionate impacts on the identified groups due to these budgetary decisions.

Welsh Language

71. 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.

72. 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

73. 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.

74. 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.

75. 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.

Covid 19 Reconstruction

76. The Welsh Government's *COVID-19 Reconstruction: Challenges and Priorities* puts the circular economy at the heart of our approach to reconstruction, with action on the circular economy being a key part of a green recovery. The additional funding allocated to a circular economy will continue the work, which is already supporting action across Wales

through the Circular Economy Fund. We will continue the work to not only improve recycling but also address social inequalities. This includes building on the rapid expansion of Repair Cafés to create town centre and community hubs across Wales where people can take goods to be repaired or access items for re-use.

77. We will also continue the Circular Economy Fund's support of action by publicly funded bodies to take action. This has already seen 112 projects across Wales by schools, universities, hospitals, town and community councils and other publicly funded bodies - ranging from community improvements in recycling to cutting edge innovation in our Universities.

78. For example the community foodshare hubs in Gwynedd, Llangollen Town Council's mobile Share & Repair Shed, the installation of milk dispensers and beakers for schools across Ceredigion County Council along with Cardiff University Centre for Redesign, Repair, Remanufacture, and Reuse and Swansea University's Circular Economy Life Cycle Analysis Research Lab.

79. The fund is also supporting improved economic resilience through the shortening of supply chains, by for example taking advantage of our world class recycling and supporting businesses to use the recycled materials. This in turn stimulates economic activity and skills opportunities in resource efficiency, with research showing that moving to a more circular economy could create up to 30,000 new Welsh jobs and deliver savings of £2 billion in materials costs alone.

80. The pandemic has also highlighted key vulnerabilities in supply chains, and a focus on a circular economy can help shorten those supply chains, improving our economic and environmental resilience. Building on the action we have already taken to support businesses and public bodies to use more recycled materials we are committing £6.6m revenue and £20m capital funding, taking our total investment in 2021-22 to more than £82m.

Withdrawal from the European Union

81. As was evidenced in the UK Spending Review, the UK Government has not met its commitment to replace EU funding in full. We did not receive any funding in the settlement in respect replacement EU Structural and Investment Funds. A pilot programme for the UK Shared Prosperity Fund worth £220 million in 2021-22 will begin in April, paving the way for the full roll-out of the Shared Prosperity Fund in 2022-23.

82. On farm support, the funding from the UK Government announced Wales would receive £242m in EU Replacement funding for Farm Funding, which is £137m short of the amount we expected in 2021-22. The Minister for Finance and Trefnydd has written to the Chief Secretary to the Treasury requesting that the level of funding agreed for 2020-21 be revised to

include an additional £42m in respect of the pillar transfer we agreed at the start of the year. This would enable us to fund a quasi-like Basic Payment Scheme this financial year, which would offset some of the shortfall.

83. In their manifesto for the 2019 general election the UK Government committed to provide full replacement funding for farmers following our exit from the EU. Wales received around £337m per year through the Common Agricultural Policy.

84. The funding proposal from the UK Government falls woefully short of our expectations. It does not provide full replacement funding and it disproportionately impacts on Wales. Far from 'levelling up', as the UK Government have claimed they are committed to, it will leave Welsh farmers and rural communities over £137m short of the funding we expected.

85. I am pleased to say that my officials and I have been working closely with our colleagues in Scotland and Northern Ireland. We are united in our frustration and objection to the approach taken by the UK Government.

86. On fisheries, the funding we have received at £2.1m will go some way to support the maritime and fisheries sector, which is particularly vulnerable to changes as a result of our exit from the EU. The funding for fisheries and farm support is reflected in the MEG revenue allocations.

<u>New Land Management Programme</u>

87. The Land Management Reform Programme will deliver a system of agricultural support which is tailored for Wales. It will support Welsh farmers to thrive, produce sustainable food and contribute to the climate emergency. The *White Paper on Agriculture in Wales* (published 16th December) sets out a series of proposals paving the way for an Agriculture (Wales) Bill, which will be introduced in the next Senedd term.

88. This Bill will be strategic in scope, setting a support framework which can accommodate the development of agriculture and forestry within Wales for the next fifteen to twenty years. The Bill will enable farmers to be financially supported and ensure a coherent and fair system of regulation can be applied to the agricultural sector.

89. We propose to replace the current Basic Payment Scheme with a Sustainable Farming Scheme (SFS) which will place a proper value on the environmental outcomes farmers deliver (improved soils, clean air, clean water, improved biodiversity, actions to reduce global warming) alongside sustainable food production. This will help create a sustainable and resilient agriculture sector in Wales for future generations.

90. The proposed scheme (SFS) will be different to current BPS. The fundamental change will be the level of payment will be linked to the

actions which an active farmer undertakes. In addition we plan to create National Minimum Standards for agriculture, putting all agricultural regulations into one piece of legislation. To support this, we will create a new enforcement regime, using a range of civil sanctions proportionate to each individual case whilst maintain criminal sanctions for the most severe and repeat offences.

91. A range of analysis and engagement is being undertaken in 2021 to develop a solid evidence base to ensure that the proposed sustainable farming scheme is fit for purpose and to understand the impact on the agriculture sector.

92. The Land Management Reform Programme has a 400k p.a. budget to deliver the analysis and engagement.

Future Fisheries Policy

93. A written statement on the outcome of the Brexit and our Seas consultation was issued in September 2020. With our exit from the European Union, developing a Future Fisheries Policy for Wales is a key priority. We will build on the views provided through Brexit and Our Seas and continue to work, in collaboration, to deliver our Future Fisheries Policy. 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.

94. The UK Fisheries Bill received Royal Assent in November 2020. The Act enables the establishment of a clear and robust framework at a UK level for managing our fisheries and provides the necessary powers and management mechanisms for the Senedd and the Welsh Government to deliver for our distinct fisheries in Wales, following our exit from the EU.

New Environmental Governance Body

95. The Interim measures have been designed to provide a stop gap between the end of transition and the introduction of statutory measures.

96. These are, and always were, interim measures. They are a stepping stone towards a permanent body on environmental governance. The future legislative programme will be a matter for the next Senedd, but I remain committed to a permanent body being in place as soon as possible.

97. Our guiding design principle for the interim measures is to ensure that decisions made for the interim do not limit our decision making for the permanent measures.

98. In having an established set of environmental principles and a different set of bodies, Wales is already in a context where there is a legislative framework in place to build upon. In developing our approach we must ensure we complement our existing, internationally recognised, legislation and processes and institutions.

99. On 19 November, I published my response to the environmental governance task group's report. I have accepted the Task Group's recommendation for a Welsh oversight body and this is where I expect we will fully deliver against the functions previously provided by the EU Commission.

Legislation

100. Officials have looked very hard at all Category 1 legislation and numerous prioritisation exercises have taken place to reduce the overall legislative burden before the end of the current Senedd.

101. There is a significant amount of essential EU legislation needed across my portfolio to implement requirements - to ensure we have fully functioning statue book in place by end of year. We will fail to deliver core government functions if we do not get the necessary legislation in place.

Subordinate Legislation

102. There are currently 24 items of EU related subordinate legislation that are deemed essential before the end of the Implementation Period, however there is an element of dynamism to the numbers, as the amount of EU exit WSIs may still be subject to change. Failure to implement such legislation would result in a legal rupture, i.e. no transposition, implementation and compliance with EU law that will continue to apply to the UK as a general rule during the Implementation Period.

103. There are a further 14 SIs although identified as high priorities for action, that have been identified for delay into early 2021. From this figure 10 could be delayed without creating legal or trade issues.

104. The 3rd party sales of puppies and kittens is a key Ministerial commitment. These Regulations have cross party support, and I have committed to legislate by Spring 2021.

105. Animal Exhibits Regulations – Currently on hold, will be reassessed in the early 2021.

UK Agriculture Bill

106. Introduced in the House of Commons on 16 January 2020, the Bill received Royal Assent on 11 November 2020.

107. We are taking time-limited powers for the Welsh Ministers in the UK Agriculture Act to enable us to continue supporting farmers with the direct payment scheme and ensure agricultural sectors across the UK are able to continue operating effectively following our departure from the EU. The Welsh powers will expire by 31 December 2024 and will be replaced by an Agriculture (Wales) Bill to be brought forward in the Senedd.

108. The powers being taken for Welsh Ministers are intended to be temporary until an Agriculture (Wales) Bill is brought forward to design a 'Made in Wales' system which works for Welsh agriculture, rural industries and our communities. Provisions relating to Wales are contained in a separate Schedule.

109. I have now published a White Paper which sets out plans for the future of agriculture in Wales. The White Paper will pave the way for an Agriculture (Wales) Bill to be introduced in the next Senedd term.

110. I propose this Bill will be strategic in scope, setting a support framework which can accommodate the development of agriculture and forestry within Wales for the next fifteen to twenty years. The Bill will enable farmers to be financially supported and ensure a coherent and fair system of regulation can be applied to the agricultural sector.

UK Environment Bill

111. Scrutiny of the UK Environment Bill was paused on 19 March and resumed at Commons committee stage on 3 November. The Bill concluded Commons Committee stage 26 November. We now anticipate Royal Assent in May 2021.

112. I have provided written responses to the CCERA and LJC Committees reports on the LCM. The Legislative Consent debate will take place when the Bill is in the latter stages of scrutiny.

113. The UK Environmental Bill contains key powers for Wales to bring forward a Deposit Return Scheme (DRS) and to implement Extended Producer Responsibility. Powers to apply charges on single use plastic items, ensuring products meet high standards of resource efficiency and clearer labelling of the environmental impact of products for consumers in Wales

UK Fisheries Bill

114. We continue to work with the UK Government on this Bill during its final stages. The Bill is has completed its passage through both houses of UK Parliament. It will now be returned to the House of Lords for final consideration, and we expect the Bill to achieve Royal Assent by the end of year.

115. The Senedd debated the Legislative Consent Motion on 6 October and agreed that provisions in the Fisheries Bill, in so far as they fall within the legislative competence of the Senedd, should be considered by the UK Parliament.

116. The Bill provides the necessary powers and management mechanisms for the Senedd and the Welsh Government to deliver for our distinct fisheries in Wales, following our exit from the EU. Crucially, the Bill retains provision to extend the legislative competence of the Senedd in matters relating to fishing, fisheries or fish health to the Welsh offshore region.

117. It remains the Welsh Government's intention to take powers for Welsh Ministers in the UK Fisheries Bill as an interim measure until a comprehensive Welsh Fisheries Bill for Wales and the Welsh zone can be brought forward.

118. We continue to work with Defra and the Devolved Administrations to put in place a UK framework which acknowledges the devolved nature of fisheries management.

Natural Resources Wales

Table 5. NRW Budget Comparison

NRW Budget	2020-21 Final £m		2021-22 Draft £m	Change in Budget £m
Revenue GIA*	59.033		59.717	0.684
Capital GIA	1.216		0.966	(0.250)
Flood Capital**	12.700		12.700	0.000
Flood Revenue**	19.750		19.750	0.000
Total	**92.699**		**93.133**	**0.434**

* NRW Grant in Aid BEL 2451 (Does not include Non Cash Budgets of £10m)
**Flood funding to be agreed and is part of BEL 2230, so Flat line for illustrative purposes

119. The NRW budget for 2021/22 has minor changes when compared to the 2020-21. The increase in revenue is due to changes in the Non recurrent EU Transition funding and a reinstatement of previous reductions for Invest to Save funding after repayments. The decrease in Capital funding is due to completion 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 2021-22.

120. In this budget we are maintaining the Welsh Government GIA funding available to Natural Resources Wales, at £60m (circa £93m including flood and water management funding pending confirmation). 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.

121. 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. With NRW at the forefront, delivering actions across multiple sectors aims to ensure Wales' environment will be more resilient to climate change impacts.

122. In addition to Grant in Aid (GiA) funding, NRW is in receipt of commercial income. NRW also receives several small amounts of grant funding from various parts of WG, year on year, for projects which are outside their GIA.

123. 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. Firm capital allocations to NRW to support this work has yet to be confirmed.

124. 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 continue to work with my officials in the creation of the National Forest.

WGs implementation of WGs forthcoming Strategic Plan for the Food and Drinks Industry in Wales

125. The future Strategic Plan for the Food & Drink Industry will focus on a vision to create a strong and vibrant Welsh food and drink sector with a global reputation for excellence, having one of the most environmentally and socially responsible supply -chains in the World. Delivery of this vision will be via a three part mission that will set-out how we will work with business, benefit the people of Wales and promote Welsh food and drink nationally and internationally.

126. While, post EU Exit we have negotiated the Wales position, within a new UK Geographical Indication (GI) Scheme. The new GI:UK Scheme is proposed to continue with protected safeguards for UK products registered

under the existing EU GI schemes. In Wales this is important to continue these protections and linkages to our food heritage, our communities and our Welsh culture.

127. This is also linked to a Sustainable Brand Value (SBV) Campaign and grounded in the Well-being and Future Generation themes. This sustainable message differentiates the Welsh food and drink journey and it is proposed to launch in the UK, Germany, France, Ireland, Japan, and Dubai in 2021. The new EU Exit position will also be supported by the National Geographic World and Food Supplement - a first for any UK nation.

128. This year our Food Division led on the essential food box scheme for those who were shielding in Wales and also set-up a Covid-19 taskforce to report to the Minister. The Food and Drink Wales Industry Board (FDWIB) have developed a Covid-19 Recovery Taskforce Plan to work with WG and have been instrumental in setting up the manufacturing guidance across industry.

129. Due to the Covid-19 pandemic, I announced the postponement of the 'premier' food and drink industry event (Blas Cymru/Taste Wales) would take place w/c 25th October 2021 at the International Convention Centre (ICC) Wales. Thus depending on the effects of Covid-19 and the health situation in Wales it is planned that this event continues in a physical and virtual format to support the Welsh food and drink industry as they come out of both the double shocks of Covid and EU Exit challenges. The national and international stakeholders have both rallied behind this significant trade event. 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

Specific Areas of Interest for Committee

Air Quality including take up of the Air Quality Fund and the implementation of the Clean Air Plan

130. Air quality improvement is a priority for the Welsh Government, for the benefit of health, the economy, the natural environment and biodiversity. Our Clean Air Plan sets out a 10-year pathway to achieving cleaner air.

131. The budget allocation supports some significant strands of work, including numerous commitments in the Clean Air Plan: Health Air, Healthy Wales. This includes delivery of commitments under Prosperity for All: our national strategy. In particular, 'reducing emissions and delivering vital improvements in air quality' to support 'healthier communities and better environments'.

132. I have agreed an Air Quality Fund to support the full costs of addressing illegal levels of nitrogen dioxide in Caerphilly and Cardiff.

133. Caerphilly County Borough Council have been awarded £6.1m to support house demolition and landscaping work at A472 Hafodyrynys which will aid the dispersion of polluting vehicle emissions. Cardiff Council have been awarded £19.1m to deliver an ambitious package of measures, including taxi mitigation and bus retrofit schemes, to deliver substantial air quality improvements in the city centre, focused on Castle Street.

134. Our approach to road user charging schemes, such as Clean Air Zones, aims to accelerate modal shift and upgrades to cleaner vehicles. We have committed to publish a Clean Air Zone Framework for Wales in spring 2021. We will also develop our approach to Clean Air Zones to support their roll-out in towns and cities where they may provide a substantial means to reduce polluting emissions.

135. Through the Clean Air Act for Wales we will consolidate and improve existing legislation and regulatory frameworks to enable the delivery of appropriate actions to tackle air pollution. Depending on the specific pathway chosen in achieving our emission reduction ambitions by 2030 and lowering public exposure, it is estimated the cost of action, including through actions associated with this legislation, is approximately £10m per annum. The associated reductions in overall population exposure to air pollution is estimated to result in monetised health benefits of approximately £100m per annum.

136. We will enhance our monitoring and assessment capabilities to support targeted action on air pollution. We intend to implement a national air pollution monitoring and assessment service by December 2022. The service will support annual reporting on the state of air quality in Wales.

137. In January 2021, we will consult on proposals to prohibit the sale of wet wood and traditional/bituminous house coal. We aim to introduce the necessary legislation in 2021, with bans commencing during 2023. We also intend to regulate to ensure only the most efficient appliances are available for purchase and installation by 2022. The regulation will include installation of second-hand appliances. In addition we want to regulate to require annual maintenance of domestic burning appliances by a certified professional, subject to review. This review will be undertaken by 2023.

Implementation of the Welsh Government's new fuel poverty strategy

138. By tackling fuel poverty, we make a real contribution to tackling a range of negative impacts that go beyond health needs including educational attainment of children and time off school and work due to sickness, as well as playing a key role in reducing carbon emissions.

139. The Warm Homes Arbed scheme alone resulted in 1,945 homes being improved across 19 separate projects in 10 Local Authority areas in 2019-20. In addition, the Warm Homes Nest scheme provided 4,544 households with a home energy improvement package, and a modelled average energy bill saving of £282 per year.

140. Our renewable energy and public sector energy efficiency programmes, supported by the Welsh Government Energy Service, are also identifying a pathway for decarbonising the energy system at a local level for local benefit. In 2019-20 the Welsh Government Energy Service supported the delivery of projects which will provide lifetime energy bill savings and income to the public sector of nearly £57m and lifetime income for community energy groups of nearly £15m. Combined the projects supported will save 146,000 tonnes of CO2 over their lifetime.

141. In 2021-22 we are allocating an additional £15m of capital funding and £5m of revenue on top of existing budgets to ensure that we maximise the benefits of both our fuel poverty, and renewable energy programmes, taking our total investment in these programmes in 2021-22 to £48m.

Implementation of the recommendations of the "Better Homes, Better Wales, Better World" report

142. Better Homes, Better Wales, Better World. An independent report published in July, called on the Welsh Government to commit to a 30-year programme to reduce carbon emissions in Welsh homes. I continue to review our Fuel Poverty Strategy in line with the recommendations in the report.

143. 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)

144. I previously stated 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. We are in discussions with UK Government to ensure equivalent funding will exist post EU Exit, although this is not guaranteed. The statutory requirement to pay TB compensation has created an unfunded pressure on budgets since 2015-16.

145. 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.

146. 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.

147. The results of agile policy development are evident in the published TB statistics, the number of animals slaughtered has been on a downward trend since October 2018 and in the 12 months to August 2020, 10,462 cattle were slaughtered for bovine TB control, compared with 12,799 in the previous 12 months, representing an 18% decrease. The long term benefit of investing in policy development is therefore a reduction in compensation expenditure.

Implementation of the Woodlands for Wales Strategy

148. Our Woodland for Wales Strategy sets out our aims to increase the forest cover in Wales to help tackle climate change, and to maximise the social, environmental and economic benefits from woodlands in Wales. Over the past year, work has begun to create a National Forest for Wales, which will be a key element of delivering the strategy.

149. The National Forest will be made up of areas of high quality woodland across the country, connected over time to form a network throughout Wales. The first National Forest sites were designated in November 2020, and demonstrator projects are running to create new areas of woodland, develop community woodlands, build capacity in the forestry sector and plant Wales' first Tiny Forests. This is on top of £20m Rural Development Programme funding allocated to accelerate woodland creation and restoration.

150. Meeting the ambition for a National Forest will be a long-term programme. The funding allocated in the draft budget will enable continued progress in establishing the National Forest. It will fund new demonstrator projects to plant new areas of woodland and improve existing woodlands to National Forest standard. It will also support the continued development of a long-term delivery plan for the National Forest.

Environmental Growth Plan

151. 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.

152. Implementation of the environmental growth plan is largely through our new programme ‘Local Places for Nature’. In 2020-21, it has already supported over 600 projects across communities in Wales to restore and enhance nature. It also makes progress against the First Minister’s nine 'modest measures that make an impact locally such as increasing community growing, pollinators, changing mowing and pesticide practices that are harmful to nature .

153. The programme is specifically targeted at ensuring all our communities can access nature ‘on their doorstep’, in areas of deprivation, urban and peri-urban areas and areas with little or no access to nature. We are building on success and intend to expand the programme from £5m in 2020- 2021 to £8m in 2021-22.

154. In 2021-22 we intend to provide £2.6m capital to our Local Nature Partnership Network (LNP’s). They have been very effective this year, particularly in changing mowing practices to create places for pollinators. We want to expand the reach and delivery of our LNPs, so there will also be a new £3m 'challenge fund' to support larger projects in 2021-22.

155. To facilitate projects and to build the capacity of the sector, we have awarded £520k revenue in 2021-22 to the LNP network. This much needed investment will strengthen the essential work of Local Nature Partnership Coordinators across Wales. This and other measures in 2021-22 will enable us to further grow capacity in the sector and support delivery in future years.

156. We will once again provide £1.8m to Keep Wales Tidy (KWT) to deliver their innovative model of pre-paid packages. The programme has been a huge success this year. KWT provide all the resources, the communities provide the land and the volunteers. These pre-paid packages enable small community groups to create their own places for nature, without having to apply for grants.

Nitrate Vulnerable Zone management (NVZ)

157. 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 existing Nitrate Vulnerable Zones (NVZs) for advice and guidance on the regulatory requirements. The contract is used to review and assess the effectiveness of measures to address agricultural pollution in those areas. The contract is also used to inform policy development in relation to wider agricultural pollution issues across Wales.

Flood and Coastal Erosion Risk Management, including the take up of the Coastal Risk Management Programme.

158. 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.

159. Our National Strategy sets out its aim as reducing the risk to people and communities from flooding and coastal erosion. It delivers this through its objectives and the flood and coastal erosion programmes which helps protect homes and businesses and prevent loss of life. We work hand in hand with local authorities and Natural Resources Wales to provide support for community schemes which will reduce risk to over 47,000 homes and businesses.

160. Over the lifetime of this Government we will invest over £390 million in flood and coastal risk management activities around Wales. In 2021-22 the investment will be nearly £67m. As well as capital schemes, we continue to invest through our revenue programme in work including forecasting, mapping, modelling, coastal monitoring and outreach activities.

161. Reports and reviews into recent flood events have shown that the Welsh Government's sustained investment in flood risk management, defence assets, awareness raising and warning systems have had a positive impact, lessening the impact of storms and flooding to communities. It is estimated that our network of coastal assets prevented over £3 billion of damages in the 2014 winter storms. However, we cannot become complacent and need to accept that similar or worse coastal storms will happen again and investment needs to be maintained.

162. Climate change is likely to increase the risk of flooding, not only through sea level rise but also from more frequent and intense storms, flash flooding, storm surges and increased wave size. We therefore need to continue to learn and adapt to reduce harm to our communities. Our Strategy and wider flood and coastal programme will help to manage some of the effects of climate change through activities in those areas prone to flooding or coastal erosion.

163. In line with our longer term commitment, we are providing a further £3.4m of revenue on top of the £4m maintained from 2020-21, for the Coastal Risk Management Programme. This will fund up to 16 coastal defence schemes across Wales, which could reduce current and future flood and coastal erosion risk to over 16,600 properties if all of these schemes can be progressed next year. Work has already started on two schemes through this Programme at Aberavon (Neath Port Talbot) and East Rhyl (Denbighshire) with one more due to commence in early 2021. The remaining 13 schemes are due to commence in 2021-22.

The licensing regime for Animal Exhibits

164. The **Wild Animals and Circuses (Wales) Act 2020** came into force on 1 December 2020. Travelling circuses are no longer allowed to use wild animals in Wales.

165. Some of the responses to the 2019 consultation provided evidence to suggest additional animal activities should be added to the scope of the licensing criteria, and our intention was to hold a third, short consultation in March of this year. Because of the Coronavirus pandemic and the effect the restrictions were likely to have on many stakeholders, the difficult decision was taken to postpone the consultation.

166. The types of Animal Exhibits that will be subject to the licensing scheme will be dependent on the final criteria agreed following the public consultation and in light of evidence and any legal considerations. Given the wide-ranging nature of the activities that may be captured by the legislation, when reaching a decision as to whether an Animal Exhibit falls within the scope of the Regulations, Local Authorities will be required to consider each case individually and alongside the guidance that will accompany the Regulations.

167. A great deal of work has gone into bringing in new Regulations for the licensing of 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.

Banning third party sales of puppies and kittens.

168. Further to the consultation undertaken in 2019 a final public consultation, took place 22 June – 17 August 2020, which looked at a ban on commercial third party sales of puppies and kittens. A separate consultation undertaken specifically to capture the views of children and young people ran between 8 July and 22 August. Respondents to both consultations overwhelmingly supported the proposed ban

169. The proposal to ban third party sales is considered only one of the steps necessary to improve the welfare of dogs and cats at breeding premises in Wales. Earlier this year members of the Wales Animal Health and Welfare Framework Group submitted a report following a review of the Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014. Recommendations from the report, along with information from a number of other sources, are being used as a basis to consider future direction and future actions.

170. On 22 June 2020, I issued a Written Statement reinforcing the fact that work needs to be done to tackle the barriers to enforcement Local Authorities are facing before proposing amendments to the current

Breeding Regulations. A formal response to the review was published on 18 November.

171. We will continue to work with key stakeholders, including Local Authorities and the other Administrations to ensure we introduce changes, which will have a lasting impact on the welfare standards of dogs and cats bred in Wales.

Initiatives to reduce plastic pollution, including a deposit return scheme, and the development of an extended producer responsibility (EPR) scheme.

172. 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.

173. Work on the proposed bans of commonly littered single use plastic items will continue through our baseline budgets. The work to take forward Deposit Return Scheme (DRS) for drink containers and Extended Producer Responsibility (EPR) for packaging waste is being undertaken on a joint basis. Whole UK for EPR and England, Wales and Northern Ireland for DRS. We are awaiting confirmation from UK Government of the funding that will be made available to Welsh Government to take these two programmes forward.

Lesley Griffiths
Cabinet Secretary for Energy, Environment and Rural Affairs

ENVIRONMENT, ENERGY AND RURAL AFFAIRS

RESOURCE BUDGET

Action	BEL No.	BEL Description	Plans as per 2020-21 Final Budget Restated Nov 2020	Baseline Changes	Revised Baseline	MEG to MEG Transfers	Transfers Within MEG	COVID-19 Allocations	Other Allocations from / Transfer to Reserves	New Plans 2021-22 Draft Budget	COMMENTS
Develop and deliver overarching policy and programmes on sustainable development and natural resource management	2812	Environment Legislation & Governance	181	0	181					181	
	Total Develop and deliver overarching policy and programmes on sustainable development and natural resource management		**181**	**0**	**181**	**0**	**0**	**0**	**0**	**181**	
Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection	1270	Fuel Poverty Programme	3,312	0	3,312				1,058	4,370	Part of £5m towards Clean Energy and Warm Homes
	2809	**Welsh Government Energy Service**	1,636	0	1,636				2,334	3,970	Part of £5m towards Clean Energy and Warm Homes
	2816	Strategy and Government Relations	2,834	0	2,834					2,834	
	2817	Radioactivity & Pollution Prevention	3,415	0	3,415					3,415	
	3770	**Clean Energy**	3,835	0	3,835		-378			3,457	Part of £5m towards Clean Energy and Warm Homes
	3771	**Climate Change Action**	0	0	0		378		1,608	1,986	Part of £5m towards Clean Energy and Warm Homes
	Total Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection		**15,032**	**0**	**15,032**	**0**	**0**	**0**	**5,000**	**20,032**	
Develop and implement flood and coastal risk, water and sewage policy and legislation	2230	Flood Risk Management & Water Revenue	27,197	0	27,197	-1,145			3,363	29,415	£1.145m into RSG for East Rhyl Coastal Defence Scheme CRMP £3,363 CRMP Funding
	Total Develop and implement flood and coastal risk, water and sewage policy and legislation		**27,197**	**0**	**27,197**	**-1,145**	**0**	**0**	**3,363**	**29,415**	
Deliver nature conservation and forestry policies	2191	Local Environment Quality	449	0	449					449	
	2192	Community Involvement	60	0	60					60	
	2195	Landfill Disposals Tax Communities Scheme	1,500	0	1,500					1,500	

and local environment improvement	2832	Enabling Natural Resources	4,274	0	4,274					4,274	
	2825	Biodiversity, Evidence and Plant Health	3,075	0	3,075				3,550	6,625	Additional Revenue support for Biodiversity
	2827	Forestry	1,304	0	1,304					1,304	
	Total Deliver nature conservation and forestry policies and local environment improvement		**10,662**	**0**	**10,662**	**0**	**0**	**0**	**3,550**	**14,212**	
Sponsor and manage delivery bodies	2451	Natural Resources Wales	69,033	684	69,717					69,717	-70K non recurrent EU Transition 1,201K I2S budget reisnstatement '-447k I2S repayment
	Total Sponsor and manage delivery bodies		**69,033**	**684**	**69,717**	**0**	**0**	**0**	**0**	**69,717**	
Developing an appropriate evidence base to support the work of the Department	2814	Environment Management (Pwllperian)	38	0	38					38	
	Total Developing an appropriate evidence base to support the work of the Department		**38**	**0**	**38**	**0**	**0**	**0**	**0**	**38**	
Develop and deliver overarching policy and programmes on Agriculture, Food and Marine	2829	Agriculture Strategy	400	0	400					400	
	2831	Local Authority Framework Funding	200	0	200					200	
	2860	Agriculture Customer Engagement	400	0	400					400	
	2861	County Parish Holdings Project	500	0	500					500	
	2862	EID Cymru	2,641	0	2,641					2,641	
	2863	Livestock Identification	1,647	0	1,647					1,647	
	2864	Technical Advice Services	358	0	358					358	Includes £250k for NVZ's.
	2866	Commons Act	433	0	433					433	

	2838	Environment Act Implementation	731	0	731					731	
	Total Develop and deliver overarching policy and programmes on Agriculture, Food and Marine		**7,310**	**0**	**7,310**	**0**	**0**	**0**	**0**	**7,310**	
CAP administration and making Payments in accordance with EU and WAG rules	2787	Agriculture EU Pillar 1 Direct Payments	0	231,145	231,145				6,855	238,000	BPS Pillar 1 now in baseline, adjusted for expected BPS forecast at £238m, part of £13.325m Farm Funding allocation
	2789	Common Agriculture Policy IT	5,748	0	5,748					5,748	
	2790	Single Payment Scheme Administration	12,048	0	12,048					12,048	
	Total CAP administration and making Payments in accordance with EU and WAG rules		**17,796**	**231,145**	**248,941**	**0**	**0**	**0**	**6,855**	**255,796**	
Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20	2949	Rural Development Plan 2014-20	26,502		26,502				4,280	30,782	Balance of £13.325m. This is new programme replacement funding, not 14-20 EU funding.
	Total Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20		**26,502**	**0**	**26,502**	**0**	**0**	**0**	**4,280**	**30,782**	
Evidence based development for Rural Affairs	2240	Research & Evaluation	520	0	520					520	
	Total Evidence based development for Rural Affairs		**520**	**0**	**520**	**0**	**0**	**0**	**0**	**520**	
Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries	2830	EU Funded Fisheries Schemes	565	0	565				2,100	2,665	£2.1m for Post EU replacement Fisheries, part of £13.325m
	2870	Marine & Fisheries	4,935	0	4,935					4,935	
	Total Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries		**5,500**	**0**	**5,500**	**0**	**0**	**0**	**2,100**	**7,600**	
Developing and Marketing Welsh Food and Drink	2970	Promoting Welsh Food and Industry Development	5,300	-100	5,200					5,200	-100K non recurrent EU Transition from 2020-21
	Total Developing and Marketing Welsh Food and Drink		**5,300**	**-100**	**5,200**	**0**	**0**	**0**	**0**	**5,200**	
Support and Delivery of the Animal Health and Welfare programme / strategy	2270	Animal Health & Welfare Framework	108	0	108					108	
	Total Support and Delivery of the Animal Health and Welfare programme / strategy		**108**	**0**	**108**	**0**	**0**	**0**	**0**	**108**	
	2269	TB EU Income	-1,300	0	-1,300		1,300			0	No EU TB Income, Net off from TB Comp Budget

Management and delivery of TB Eradication and other Endemic Diseases	2271	Animal and Plant Health Agency	15,281	0	15,281					15,281	
	2272	TB Slaughter Payments Costs & Receipts	10,110	0	10,110		-1,300			8,810	No EU TB Income, Net off from TB Comp Budget
	2273	TB Eradication	7,500	0	7,500					7,500	
	Total Management and delivery of TB Eradication and other Endemic Diseases		**31,591**	**0**	**31,591**	**0**	**0**	**0**	**0**	**31,591**	
Increase Resource Efficiency and Support Transition to a Circular Economy	2190	Resource Efficiency and Circular Economy	38,692	0	38,692				6,624	45,316	£6.624 additional Funding to RECE
	Total Increase Resource Efficiency and Support Transition to a Circular Economy		**38,692**	**0**	**38,692**	**0**	**0**	**0**	**6,624**	**45,316**	
Promote and support protected landscapes, wider access to green space	2490	Landscape & Outdoor Recreation	9,966	0	9,966				1,450	11,416	Additional Revenue support for Biodiversity (Part of £5m)
	Total Promote and support protected landscapes, wider access to green space		**9,966**	**0**	**9,966**	**0**	**0**	**0**	**1,450**	**11,416**	
ENVIRONMENT, ENERGY AND RURAL AFFAIRS - TOTAL RESOURCE BUDGET			**265,428**	**231,729**	**497,157**	**-1,145**	**0**	**0**	**33,222**	**529,234**	
		Exc Non Cash			475,482					507,559	

CAPITAL BUDGET

Action	BEL No.	BEL Description	Plans as per 2020-21 Final Budget Restated Nov 2020	Baseline Changes	Revised Baseline	MEG to MEG Transfers	Transfers Within MEG	COVID-19 Allocations	Other Allocations from / Transfer to Reserves	New Plans 2021-22 Draft Budget	COMMENTS
Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection	1270	Fuel Poverty Programme	23,000	0	23,000				4,000	27,000	Part of £15m for Fuel Poverty and Clean Energy
	2808	Green Infrastructure	1,402	0	1,402					1,402	
	2809	**Welsh Government Energy Service**	4,000	-2,000	2,000				11,000	13,000	Part of £15m for Fuel Poverty and Clean Energy
	2816	**EU Exit and Strategy**	0	0	0						
	2817	Radioactivity and Pollution Prevention	17,095	0	17,095					17,095	
	Total Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection		**45,497**	**-2,000**	**43,497**	**0**	**0**	**0**	**15,000**	**58,497**	

Develop and implement flood and coastal risk, water and sewage policy and legislation	2230	Flood Risk Management & Water Revenue	37,500	0	37,500					37,500	
	Total Develop and implement flood and coastal risk, water and sewage policy and legislation		**37,500**	**0**	**37,500**	**0**	**0**	**0**	**0**	**37,500**	
Deliver nature conservation and forestry policies and local environment improvement	2832	Enabling Natural Resources	6,573	0	6,573					6,573	
	2825	Biodiversity, Evidence and Plant Health	25,500	0	25,500		-4,500			21,000	Less £4.5m tfr to Forestry
	2827	Forestry	150	-150	0		4,500			4,500	-150K EU Transition non recurrent. £4.5m tfr from Bio to Forestry
	Total Deliver nature conservation and forestry policies and local environment improvement		**32,223**	**-150**	**32,073**	**0**	**0**	**0**	**0**	**32,073**	
Sponsor and manage delivery bodies	2451	Natural Resources Wales	1,216	-250	966					966	-250K EU Transition non recurrent
	Total Sponsor and manage delivery bodies		**1,216**	**-250**	**966**	**0**	**0**	**0**	**0**	**966**	
Develop and deliver overarching policy and programmes on Agriculture, Food and Marine	2862	EID Cymru	2,100	0	2,100					2,100	
	2866	Commons Act	1,200	0	1,200					1,200	
	Total Develop and deliver overarching policy and programmes on Agriculture, Food and Marine		**3,300**	**0**	**3,300**	**0**	**0**	**0**	**0**	**3,300**	
CAP Administration and making payments according to EU and WG rules	2789	Common Agriculture Policy IT	1,505	0	1,505					1,505	
	Total CAP Administration and making payments according to EU and WG rules		**1,505**	**0**	**1,505**	**0**	**0**	**0**	**0**	**1,505**	
Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20	2949	Rural Development Plan 2014-20	9,418	0	9,418					9,418	
	Total Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20		**9,418**	**0**	**9,418**	**0**	**0**	**0**	**0**	**9,418**	
Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries	2830	EU Funded Fisheries Schemes	233	0	233					233	
	Total Developing and managing Welsh Marine, fisheries and aquaculture including the enforcement of Welsh Fisheries		**233**	**0**	**233**	**0**	**0**	**0**	**0**	**233**	
Developing and Marketing Welsh Food and Drink	2970	Promoting Welsh Food and Industry Development	100	-100	0					0	-100K EU Transition, non recurrent
	Total Developing and Marketing Welsh Food and Drink		**100**	**-100**	**0**	**0**	**0**	**0**	**0**	**0**	
Increase Resource Efficiency and Support Transition to a Circular Economy	2190	Resource Efficiency and Circular Economy	17,500	0	17,500				20,000	37,500	Part of additional Capital allocations from reserves

	Total Increase Resource Efficiency and Support Transition to a Circular Economy		**17,500**	**0**	**17,500**	**0**	**0**	**0**	**20,000**	**37,500**	
Promote and support protected landscapes, wider access to green space	2490	Landscape & Outdoor Recreation	8,900	0	8,900					8,900	
	Total Promote and support protected landscapes, wider access to green space		**8,900**	**0**	**8,900**	**0**	**0**	**0**	**0**	**8,900**	
ENVIRONMENT & RURAL AFFAIRS - TOTAL CAPITAL BUDGET			**157,392**	**-2,500**	**154,892**	**0**	**0**	**0**	**35,000**	**189,892**	

RESOURCE BUDGET - Annually Managed Expenditure						
Action	**BEL No.**	**BEL Description**	**Plans as per 2020-21 Final Budget Restated Nov 2020**	**Difference in Forecasts since 2020-21 Final Budget**	**2021-22 Forecasts as at Sept 2020**	**COMMENTS**
Sponsor and manage delivery bodies	2452	NRW Provision for Pensions - AME	2,400	0	2,400	Forecast as per submission to OBR in Sept 2020
	Total Sponsor and manage delivery bodies		**2,400**	**0**	**2,400**	
ENVIRONMENT, ENERGY AND RURAL AFFAIRS - TOTAL RESOURCE AME BUDGET			**2,400**	**0**	**2,400**	

ENVIRONMENT, ENERGY AND RURAL AFFAIRS - SUMMARY	**Plans as per 2020-21 Final Budget Restated Nov 2020**	**Baseline Changes**	**DEL Changes**	**AME Changes**	**New Plans 2021-22 Draft Budget**
Resource - Revenue	243,753	231,729	32,077	0	507,559
Resource Non - Cash	21,675	0	0	0	21,675
Capital	157,392	-2,500	35,000	0	189,892
Total Resource & Capital	**422,820**	**229,229**	**67,077**	**0**	**719,126**
Total AME	**2,400**	**0**	**0**	**0**	**2,400**
ENVIRONMENT, ENERGY AND RURAL AFFAIRS - TOTAL BUDGET	**425,220**	**229,229**	**67,077**	**0**	**721,526**

Health, Social Care and Sport Committee

Date: 20th January 2021
Venue: Senedd Cardiff Bay
Title: Scrutiny of Mental Health, Wellbeing and Welsh Language Draft Budget 2021-22

1. Purpose

The Committee's Chair wrote the Minister for Mental Health, Wellbeing and Welsh Language Minister on 18 November 2020 inviting her to give evidence on her Draft Budget proposals and asking her 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 future budget proposals for 2021-22 for budget areas relating to Mental Health & Wellbeing in:

- the Mental Health, Wellbeing and Welsh Language (MHWWL) Main Expenditure Group (MEG), and;
- the Health and Social Services (HSS) MEG

It also provides an update on specific areas of interest to the Committee.

3. Prioritisation of resources

The detailed Draft budget published on 21st December set out our spending plans for the MHWWL MEG and the HSS MEG by BEL.

Figures for 2022-23 are not available at this time as the draft budget covers one year only.

The tables below illustrate the budget moves from first Supplementary budget 2020-21 to Draft Budget 2021-22.

Mental Health & Wellbeing budgets were moved from the HSS MEG to the new MHWWL MEG after the second supplementary budget in October 2020.

In addition to the budgets contained within the MHWWL MEG, funding for core NHS mental health and substance misuse services are contained as ring-fenced allocations to local health boards, funded from the Core NHS Allocations BEL within the HSS MEG. Decisions on the allocation of additional funding to NHS services have been taken jointly with the Minister for Health and Social Services.

In October 2020 we released a refreshed *Together for Mental Health Delivery Plan 2019-22* which contained strengthened cross government actions to respond to the mental health impact of the pandemic. The refreshed plan sets out significant new actions in those areas that are important protective factors to support mental health and wellbeing. Support and resilience in these areas is a critical part of a system wide response to lessening the socio-economic impact of the pandemic on well-being and reduce the need to access mental

health services. This includes, but is not exclusive of, education (including schools, further and higher education), employment, financial inclusion and homelessness support and this investment in areas outside the MHWWL and HSS MEGs will need to continue if we are to prevent and protect the mental health of the nation. During the 2020/21 financial year additional funding was invested in the voluntary sector and other key partners to provide Tier 0, low level mental health support across the population which will also need to continue.

Mental Health and Wellbeing Allocations within the MHWWL MEG

SPA			
ACTION	**Mental Health & Wellbeing**		
BEL	**2020-21 First Supplementary Budget**	**Changes**	**2021-22**
	£m	**£m**	**£m**
Mental Health	26.860	9.40	36.260
Substance Misuse Action Plan Fund	28.725		28.725
Food Standards Agency (FSA)	3.737	-0.127	3.610
Research and Development	42.075		42.075
Health Improvement & Healthy Working	8.514		8.514
Total	**109.911**	**9.273**	**119.184**

Changes relate to:

BEL 0270 –Mental Health

- £4m additional support the Whole Systems Approach (previously Whole Schools Approach) to improve access to support the emotional and mental health well-being of children and young people.
- £5.4m CAMHS (Child and Adolescent Mental Health Services) - additional funding to support young people with diagnosed mental health conditions through community or specialist in-patient services.

BEL 0380 – Food Standards Agency

- £0.127m reduction in budget related to one off EU Transition funding for FSA ending in 2020-21.

Allocations within the Health and Social Services MEG relevant to Mental Health and Well-being

- An increase of £33 million for mental health including additional funding for NHS mental health services.

An explanation of how your priorities for mental health and well-being are reflected in the Draft Budget 2021-22, and where the allocated/ projected spend for these priorities can be found (e.g. a breakdown of the 2021-22 Health and Social Services MEG allocation by Spending Programme Area, Action and Budget Expenditure Line), including;

- Mental health services (including the Mental Health Service Improvement Fund)
- Dementia
- Autism
- Substance Misuse (including the Substance Misuse Action Plan Fund)
- Veteran's health
- Patient's experience
- Obesity/ implementation of 'Healthy Weight, Health Wales'.

Mental Health

We will increase funding for mental health by over £42 million in 2021-22 to a total of £783 million. This includes an additional £33 million for mental health, including NHS mental health services, contained within the HSS MEG, taking total mental health within the HSS MEG to £746.8 million, and an additional £9.4 million within the MHWWL MEG taking the total funding within this MEG to £36.3 million.

Funding for core NHS mental health services is within the HSS MEG. This funding is issued annually to local health boards as a ring-fenced allocation. The allocation represents the minimum level of spending boards should be making on meeting the mental health needs of their population. It covers a wide range of spending, including specialist, hospital-based, community mental health services and primary care activity and prescribed drugs. Whilst this funding is ring-fenced, local health boards are expected to manage in-year risks and opportunities relating to this funding alongside their discretionary allocations for other NHS services. For this reason, it is not practical to disaggregate this funding from the Core NHS Allocations BEL, and it remains within the HSS MEG.

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 to £726m in 2021-22 (HSS MEG). The increase in the ring-fence in 2021-22 includes additional funding for eating disorders £0.5m and £1.277m supporting prison health services. Increases in the ring-fenced allocation are detailed in the table below:

	Changes in the NHS Ring-fenced Mental Health allocation £m
2020-21 LHB Ring-fenced allocation	711.9
Eating disorder funding	0.5
Prison healthcare funding	1.3
Gender services peer support	0.1
Funding for 2021-22 core cost growth	13.0
2021-22 LHB Ring-fenced allocation	**726.8**

In addition to the amounts above, a further £20 million has been set aside within the HSS MEG to support further improvements in mental health services. The NHS element of this funding will be added to the local health board ring-fenced allocation during 2021-22.

In the MHWWL MEG, additional investment has been included for Child Adolescent Mental Health Services (£5.4m) and Whole Systems Approach (£4m). This is in addition to existing BEL funding for Mental Health of £26.86m split across mental health services, 'A Healthier Wales' and the Older People and Mental Health budgets which all continue to be priority areas.

These priority areas informed the Together for Mental Health Delivery Plan 2019-22 that was originally published in January 2020, but re-issued in October 2020 to take into account the impact that Covid-19 has had on the mental health and well-being of the population and the increasing demand for mental health services. The priority areas for action, set out in the delivery plan, are:

- Covid-19 mental health and well-being recovery support - actions that respond to the impact of Covid-19 on mental health and well-being and to support services to meet changing mental health needs, including a significant expansion of low level Tier 0, population wide mental health support.
- To improve mental health and well-being and reduce inequalities through a focus on strengthening protective factors, 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, working age and older adults – moving to a common, multi-agency offer across Wales
- Improving the access, quality and range of psychological therapies across children, working age and older adults - 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 service transformation – including responding to Healthcare Inspectorate Wales/Care Inspectorate Wales thematic reviews, improving support for eating disorders, for people with co-occurring mental health and substance misuse issues and further developing early intervention in psychosis services.

These priority areas and related actions are underpinned by a number of overarching work streams, which will continue beyond the life of the current Together for Mental Health Delivery Plan These include:

- reducing health inequalities, promoting equity of access and supporting the Welsh Language;
- strengthening co-production and supporting carers;
- developing a workforce plan for mental health;
- better utilising research and data when developing mental health policy; and,
- supporting the implementation of policy intentions and outcomes of the Mental Capacity (Amendment) Act 2019. Also to develop a strategic position of what changes are needed to the Mental Health (Wales) Measure 2010 and the Mental Health Act 1983 in order to improve outcomes.

There is compelling evidence of the increased need for mental health support as a result of the pandemic and to continue our programme of work to improve mental health, as set out in the recently refreshed Together for Mental Health Delivery Plan 2019-2022. During 2020-21 we invested in improved access to low level support, to meet the increased levels of anxiety in our population. In the medium to long term, we anticipate an increase in need across all levels of mental health services, due to the wider social economic impact of the pandemic.

Therefore we are investing an additional £20m in the draft budget for mental health including NHS mental health services, within the Health and Social Services MEG. This is in addition to a core uplift of £13m to the NHS ring-fenced mental health allocation. We will raise our commitment under A Healthier Wales for the Mental Health Service Improvement Fund and double funding from £7m to £14m and also provide increased support for front line non clinical services, all age crisis support and memory assessment services.

In respect of dementia, the Dementia Action Plan 2018-2022 published in February 2018 outlined the key actions that needed to be undertaken to realise the vision of the plan and improve support for this group. £10m of recurring funding per annum was allocated to support the implementation of the plan, supported from the older persons and mental health budget. The majority of this funding (over £9m) is allocated to Regional Partnership Boards (RPBs). Funding is allocated via a funding formula to help RPBs address the priorities outlined in the Dementia Action Plan 2018-2022.

Regarding veteran's health services, armed forces veterans are entitled to receive priority access to NHS treatment for health conditions that are a result of their time in military service. This applies to Regulars, Reservists and those who did National Service. Where the

referring GP and consultant agree that the patient's condition is related to their military service they have been asked to prioritise veterans over other patients with the same level of clinical need. Veterans will not be given priority over other patients with more urgent clinical needs. This priority access will continue. In respect to veteran's mental health Welsh Government continues to provide £685,000 recurrent funding to Veterans' NHS Wales, included within the mental health ring fence, which is the only national service of its kind for veterans in the UK.

Autism

Improving services for autistic people, parents and carers continues to remain a priority for the Welsh Government in 2021- 2022. We will continue to invest £3 million in the national Integrated Autism Service (IAS) which provides assessment and diagnostic services for adults, post-diagnostic support for adults and support for parents and carers. This is included in the Integrated Care Fund (ICF) in the main NHS Allocation, in the HSS MEG. In addition, approximately £0.6m will continue to be invested in our National Autism Team and its work programme. The team has been key in the successful delivery of the IAS, continued support for the local authority network of autism leads, and the development of resources and support available on their dedicated website.

Our priority for this year will be to deliver the final Statutory Code of Practice on the Delivery of Autism Services and the accompanying guidance. The public consultation on the draft Code closed on 14 December 2020, and we aim to publish a consultation report early in 2021. The report will inform final drafting of the Code and guidance during January and February 2021.

We will continue with our intention to commence implementation of the Code in September 2021 and in preparation for this, a delivery plan will be developed in partnership with our stakeholders. This will include actions to raise awareness of the Code and to support organisations with implementing the new requirements. We will also engage with autistic people so everyone understands what the Code will mean for them.

We will conclude the demand and capacity review of neurodevelopmental services which includes autism, to identify gaps in provision and to support the development of sustainable future services which started in 2020-21. The total cost of the review will be a maximum of £0.120m.

We will also establish a new Welsh Government autism advisory group to provide advice and feedback on delivery, it will work closely with the National Autism Team in their role to support the delivery of the autism strategy.

Substance Misuse

The main Substance Misuse revenue budget for 2021-22 is £26.325m, supplemented by a further £2.4m from the A Healthier Wales, taking the overall total available to £28.725m.

The majority of this (£25.063m) is allocated to Area Planning Boards (APBs), funding is allocated via a funding formula to ensure APBs address the priorities outlined in our Substance Misuse Delivery Plan 2019-22. 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 also supports Welsh Government's recovery agenda in terms of treatment for vulnerable people of non-COVID-19 related conditions.

APB funding compliments the Local Health Board substance misuse allocations which have increased by £0.960m in 2021-22 to a total of £20.774m and is used to commission/purchase a range of education, prevention treatment and enforcement initiatives.

The remainder of funding within the Action supports the following:

- Wales Police Schools Programme (£1.98m) - the Programme aims to operate in 100% of primary and secondary schools across Wales to education substance misuse and wider community and personal safety issues at all key stages of the curriculum. This Programme is important from an education and prevention perspective (complimenting the Curriculum Reform as it does), but also supports the emotional and mental health needs of children and young people as a result of the impact of COVID-19, in line with the continuity plan.
- Drug & Alcohol Initiatives (£0.985m) – this budget includes a number of areas of work which implement the Substance Misuse Delivery Plan 2019-22, through research, policy development and monitoring of work related to drug and alcohol interventions. These actions will be key in the recovery agenda to take forward our Substance Misuse Delivery Plan 2019-22, which has recently been updated in light of the impacts of COVID-19. This budget also includes ongoing minimum unit pricing of alcohol legislative requirements.
- A match funding contribution of £0.697m to the Out of Work Peer Mentoring Service – a jointly funded European Social Fund Project with Health and Social Services.

The Capital budget for Substance Misuse is £5.072m which supports the ongoing capital requirements to provide the infrastructure for delivery of frontline SM services.

Patient Experience

The Community Health Councils (CHCs) provide the crucial link between those who plan and deliver the NHS in Wales, regulate and use it. There are seven CHCs in Wales, who represent the interests of patients and the public in relation to the health service in their area. They make representations to Health Boards and Trusts about matters relating to the health

service, are consulted by NHS bodies in relation to proposed service changes and provide advice and assistance to members of the public who wish to complain about NHS treatment under the NHS complaints procedure.

The Board of CHCs oversees the seven local CHCs in Wales. CHCs and the Board of CHCs are hosted by Powys tHB and the budget is included as part of the main NHS allocation within the Health & Social Services MEG.

The Health and Social Care (Quality and Engagement) (Wales) Act 2020 was passed by the Senedd on 17 March 2020 and received Royal Assent on 1 June. One of the aims of the Act is to strengthen the voice of citizens, by replacing Community Health Councils with a new, national Citizen Voice Body (CVB).

The new Body will represent the interests of the public in Wales across both health and social care and is fully in keeping with the recommendations of the Parliamentary Review for Health and Social Care and a Healthier Wales for closer integration of health and social services.

An Implementation Board is being established to support the establishment of the Citizen Voice Body. It will have various work streams, including those constituted to deal with transfer of staff from the CHCs to the new Body, the procurement of an IT system and a governance work stream. The RIA estimate to establish the body for 2021-22 is £2.6m and was agreed in 2019 within the HSS MEG.

Healthy Weight: Healthy Wales

We will continue our investment of £5.5m to deliver the Healthy Weight: Healthy Wales strategy. The delivery plan, published early 2020 setting out commitments as part of the 10 year Healthy Weight Healthy Wales strategy has been significantly impacted due to Covid-19 which has meant delays in achieving 2020 deliverables. However, the proposals set out in 2020-21 remain our focus and we will publish a revised timeframe for delivery in 2021-22. The funding will focus on:

- Support for a Clinical Obesity Pathway, which will be develop children and families services and develop support for families in the early years. This will include support 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.
- A 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 and will place a particular focus on sedentary behaviour and health inequalities in order to develop pilots to test new ways of working.
- Development of systems work through Local Health Boards and partners, to deliver bespoke engagement with children and families, in order to empower decision making and developing local solutions.

- Development of research and behavioural insight which will develop evidence informed actions through the delivery plan.

The percentage/ proportion of the Welsh budget that is allocated to mental health and well-being in the Draft Budget and how this compares to previous years. Details of any reductions or increases relating to specific areas of the Draft Budget compared to previous years (e.g. grants being reduced or ceasing to exist altogether/ being increased or introduced)

Mental Health

In the Draft budget for 2021-22, we are allocating an additional £9.4m within the MHWWL MEG and £33m for Mental Health within the HSS MEG. Taken together with the increase in the NHS Mental Health ring fence for pay and inflation (HSS MEG), this will translate to more than £42m of additional investment supporting Mental Health services in 2021-22.
Further investment in Mental Health can be seen across Government, in line with our approach to prevention and protection of mental health and well-being, including employment support, debt advice, housing support, sports and access to green spaces, as set out in Together for Mental Health Delivery Plan.

We will continue to protect mental health services and invest more than in any other part of the NHS. We have increased funding in the mental health ring fence in the main NHS allocation to over £700 million in 2020-21, increasing to £726.782m in 2021-22. The increase in the ring-fence in 2021-22 includes £1m supporting prison health services.

In addition to the new allocations for the Draft budget for 2021-22 the Mental Health BEL will continue to fund the following areas: Mental Health Programme Funding (£3.029m), 'A Healthier Wales'- Mental Health (£7.1m) and the Older People and Mental Health budget, including supporting implementation of the dementia action plan (£16.731m).
Included in this BEL is the funding for the Whole Systems Approach £3m (with £2m coming from EPS MEG).

Substance Misuse

In 2019-20 the Substance Misuse APB element of funding increased by £2.4m which represented a 10% increase to a budget. APBs were advised to focus the additional money toward improving services in relation to the following priority areas:

- Co-occurring substance misuse and mental health
- Children and families particularly those on the edge of services
- Harm reduction with a specific focus on reducing drug related deaths.

The budget for substance misuse has been protected at the level previously allocated in 2019-20.

Wellbeing Bond - Healthy and Active Fund

The Healthy and Active Fund (HAF), launched in 2018, is funded from central WG budgets for Mental Health and Health Improvement, along with a contribution from Sport Wales. The programme includes benefits to mental and physical health with projects providing new, innovative approach to supporting people of all ages and backgrounds. These projects provide a diversity of geographical representation across Wales, including within the Valley Task Force area.

In light of the disruption to HAF due to the delayed start, flooding and Covid-19, the grant activity profile has shifted into the 3rd year. This has resulted in the programme budget increasing to £1.37m in 2021-22. The need to ensure a preventative health approach to a post pandemic recovery is increasingly evident, and increasing the budget allows the opportunity to develop a more comprehensive understanding of health and physical activity partnerships, delivered with a preventative health focus.

The extent to which the five ways of working in the Well-being of Future Generations (Wales) Act 2015 has influenced your priorities/ allocations to budget lines within the Health and Social Services MEG (i.e. the extent to which the most disadvantaged are prioritised and their needs are being met through this Draft Budget).

Mental Health

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. The Together for Mental Health Strategy itself is a cross-government 10-year strategy, which supports the collaborative and long-term nature of the Well-being of Future Generations (Wales) Act 2015, and the TfMH strategy outcomes has clear alignment to the goals of the Act.

The plan ensures that we move towards better integration, co-production and a more holistic approach as we are also taking a cross-Government and multi-agency approach to support mental health. This is particularly important given the impact of the pandemic on the mental health of the Welsh population. Responding to this wider socio-economic impact requires a cross-Government and multi-agency approach and is not something that the NHS or even the health and social care sectors can do alone. Therefore, actions have been identified to support the nation's mental health through this period enabling preventative, protective cross government action as well as ensuring we have appropriate mental health services in place to meet people's needs.

The draft budget will support the implementation of the actions contained with the Together for Mental Health Delivery Plan 2019-2022 as updated in October 2020

Substance Misuse

The Substance Misuse Delivery Plan 2019-22 aligns to five ways of working in the Well-being of Future Generations Act 2015. We have ensured that the substance misuse outcomes we're seeking to achieve are clear in the contribution they make to the Act's goals.

Partnership working and collaboration are a key role of the APBs who support this on a regional basis (coterminous with health board areas) to ensure close partnership between key partners including health, social care, police, local authorities and the Third Sector. Service user involvement is a central theme and supports collaborative development with those receiving or with lived experience of services.

Patient Experience

CHCs play an important role in terms of involving their local populations, seeking their views on health services and collaborating and working with NHS bodies to ensure the publics' views are known in relation to, for example, proposed service changes. Such feedback also helps to improve services and aligns with the aims of the Well-being of Future Generations (Wales) Act 2015 to prevent problems getting worse to support public bodies in attaining their well-being objectives.

During the establishment of the Citizen Voice Body, the Welsh Government will balance the shorter term needs of CHCs with the longer term aims of the new Body, which will replace them. This will allow for a smooth transition, which will ensure that the Citizen Voice Body is set up to fulfil its aims of capturing a truly representative citizen voice in Wales and using the service user experience to drive forward improvement in both health and social care. This aligns with the aims of the Act to prevent problems occurring and to support public bodies in attaining their well-being objectives, particularly in relation to promoting good health and delivering quality services.

Healthy and Active Fund

The Healthy and Active Fund (HAF) seeks to embed the principles of the Well-being of Future Generations (Wales) Act 2015 and the 5 ways of working into its design, delivery, monitoring and evaluation. Programme objectives are aimed at improving wellbeing through an intergenerational approach, including supporting people with mental health issues to lead independent long term active lifestyles.

How the Draft Budget funding allocations will support delivery of the revised Together for Mental Health Delivery Plan, including details of the financial support for charities and the Third Sector in supporting those with mental health issues (i.e. advice services, suicide prevention helplines).

Mental Health

The draft budget will support the implementation of the actions contained with the Together for Mental Health Delivery Plan 2019-2022, which has now been strengthened in the context of Covid-19 as it is widely accepted that the pandemic will have, and has had, a significant impact on the demand and need for mental health support.

Our increased health investment will enable us to support mental health services by reducing demand for more specialist support, through a minimum service guarantee for low level mental health services and also through the strengthening of national level support for areas such as front line non clinical services and all age crisis support. We will also continue to provide health boards with additional funding to support the implementation of our Together for Mental Health Delivery Plan.

In this Budget, we are allocating additional funding to support both the Children and Adolescent Mental Health Services (CAMHS) (£5.4m) and Whole Systems Approach to mental health (£4m). This will help the response to the expected increase in demand for these services and the need to shift to a preventative, integrated provision to support children and young people's mental health and wellbeing. Support for young people with a diagnosed mental health condition is offered at a community level whenever possible but in some cases this specialist CAMHS intervention for the most vulnerable children may need inpatient treatment, therefore in respect of CAMHS, the additional funding in this budget will be directed towards bolstering the NHS CAMHS services plans against Tier 4 (specialist, including inpatient care) and Community Intensive Teams. In the Whole Systems Approach, we will expand provision of school counselling and emotional support alongside scaling up the provision of CAMHS in-reach by extending the pilot sites.

The Third Sector have a particularly crucial role to play in providing preventative, non-medical, Tier 0 support and we have invested an additional £2.7m in 2020/21 to provide additional support. This will increase in 21-22 as plans for grant allocations are finalised. We will also support voluntary sector organisations to continue their important work within mental health by the successor to the section 64 mental health grant which is due to conclude in 2021.

The prevention of suicide and self-harm remains a priority and we are taking a number of actions to support this. This is underpinned by our Talk to me 2 Suicide and Self -Harm Strategy and the work now underway through the National Coordinator on Suicide and Self Harm. Prevention and the ability to intervene early is of course absolutely key and we will continue to strengthen our tier 0/1 support services and our crisis response, alongside a range of regional approaches to reduce suicide and self-harm including bereavement support, training and awareness raising. Alongside broader mental health funding, we continue to commit an additional £0.5m per annum to tackle suicide and self-harm. This

includes funding of the National Suicide Prevention Co-ordinator, supported by three Regional Co-ordinators to drive forward this work and co-ordinate the multiple agencies with a role to play in this agenda.

Additionally, it is clear that mental health is a cross-cutting commitment for the Welsh Government and all departments are asked to consider the impact of all policy and programmes on mental health well-being. The need for this cross-Government approach has been brought into sharper focus due to the wider socio-economic impacts of the pandemic. Direct funding for mental health services is also supported by wider cross-government investment in areas protective of mental health. This includes of employment, debt and housing – but also in areas such as the arts, sports and access to green spaces which play an important role in protecting and improving well-being.

Substance Misuse

The draft budget will support implementation of the actions contained within the Substance Misuse Delivery Plan 2019-22.

The harms associated with substance misuse disproportionality affect our poorest communities with the harms associated with both alcohol and drug misuse falling on the poorest neighbourhoods as identified by WIMD. Drug related deaths are six times higher in the poorest communities and also the harms of drugs and alcohol are significant for the homeless population, during the response to COVID 19 substance misuse services have worked closely with homeless services to ensure support was in place to achieve our ambition of leaving no one on the streets.

The impacts of substance misuse do not only effect those people who are misusing substances but their families and communities, some local authorities report that up to 80% of children who are at risk of entering care due to parental substance misuse.

Many people who experience severe mental health problems have accompanying substance misuse issues which when not addressed act as a barrier to treatment for many. Substance Misuse is a significant factor in early mortality with 165 drug misuse deaths in 2019, which was down from 208 the previous year. In 2019, the median age of drug misuse deaths was 43 years.

By supporting prevention and focusing on improving the health and well-being of individuals and families, we are supporting the delivery of the Government's well-being objectives in 'Prosperity for All: the national strategy'. Our cross Government approach will also see a contribution to the Government's priority areas, such as Early Years, Housing and Better Mental Health helping us to achieve our ambition of prosperity for all.

We have worked with our national helpline DAN 24/7, to ensure there is relevant information available with regards to COVID-19 and advice on what services can be accessed during this time, including information on the DAN 24/7 website providing updates on COVID-19.

4. The impact of COVID-19 on allocations

Details of how the pandemic has influenced allocations to budget lines within the Health and Social Services MEG, including examples of any changes made to allocations within the Draft Budget from previous years as a result of COVID-19. Specifically;

- Whether the funding for mental health and well-being, across all areas of your portfolio, has been protected/ increased/ reduced during the pandemic and how these changes are reflected in the Draft Budget (i.e. examples of the extra investment in mental health inpatient capacity – the sustainability of this in the short and longer term). Details of the repurposing of funding from the Mental Health Service Improvement Fund and Healthy Weight, Healthy Wales programme that has taken place. How this is reflected in the Draft Budget.

Mental Health

Early in 2020-21, we positioned mental health services as 'essential services' and to support this, we immediately issued £3.5m of the mental health service improvement funding for local health boards to enable them flexibility to respond to the pressures associated with the current situation in mental health. This included access to crisis / out of hour provision and increased access to psychological interventions. This funding, and the remaining £3.5m of the service improvement funding, detailed below, is now within the main NHS allocation for 21-22.

Throughout 2020, we issued additional mental health funding to the NHS, third sector and Local Authorities.

- £3.5m balance of the service improvement funding to invest in line with the priorities of the Together for Mental Health Delivery Plan 2019-2022. This is baselined in the Mental Health ring fence within the main NHS allocation in 21-22.*
- £5m for the whole school / systems approach, which will continue in 2021/22 and increase to a total of £9m.
- £1.3m to accelerate tier 0/1 provision to support open access services and £1.4m additional Covid response funding allocated to health boards to support Voluntary Sector mental health service provision on a regional basis. Enhanced support to open access services / voluntary sector will continue into 2021/22 from the additional £20m in the draft budget for mental health.
- £2.2m for surge capacity in respect to inpatient provision across Wales. One off allocation in 20-21.
- £1m to extend the mental health support scheme for doctors to 60,000 healthcare workers in Wales to ensure those on the frontline have access to support. This service will continue into 21-22 and be extended to care workers.
- An additional £50,000 to support the mental health of unpaid carers.

* The full £7m for service improvement funding invested in line with the priorities of the Together for Mental Health Delivery Plan 2019-2022 has been allocated to health boards from 2021-22.

Healthy Weight: Healthy Wales
£2m from the Healthy Weight: Healthy Wales budget in 2020-21 was redirected in order to respond to the pandemic. This was possible as partners were unable to deliver the programme, due to the pressures from the response to the pandemic. The importance of well-being and the need to focus on impacts of the pandemic on obesity and activity levels has been recognised with continued funding of £5.5m for 2021-22 to ensure the strategy can be brought back on track, whilst responding to specific challenges which the pandemic has provided in terms of behaviours and issues related to health inequalities both in the short and the medium to long term. It is important to recognise that overweight and obesity are long term health problems that are not amenable to rapid change, hence delivering a preventative programme will continue to require time and collaboration to deliver positive population based outcomes.

- What proportion of the increased revenue from reserves, transfers within portfolios and/ or adjustments to the Wales budget has been/ will be repurposed to BELs to respond to the mental health and well-being impacts of the pandemic. How does this compare to physical health.

Mental Health
In addition to the allocations, detailed above, that were made during the pandemic in 2020, there will be over £42m allocated to support Mental Health services between the HSS MEG and the MHWWL MEG as part of the 21-22 Draft budget. In addition, other investments relating to Mental Health can be seen across Government, in line with our approach to prevention and protection of mental health and well-being, including employment support, debt advice, housing support, sports and access to green spaces, as set out in Together for Mental Health Delivery Plan.

These funding allocations are for recurrent mental health services that will increase the baseline and further consideration will be given to specific Covid response measures as we get closer to 21-22. The focus of this draft budget has been on confirming the recurrent level of investment for mental health and wellbeing needed to respond to the long term impact of the pandemic. While we now have hope through the vaccines, much uncertainty remains around the exact path the pandemic will take and the impacts this will continue to have on our public services and the wider economy into next year. In order to ensure that any spending decisions best meet the evolving challenges presented by the pandemic, it has been deemed prudent to retain as much flexibility as possible at Draft budget and we intend to make further allocations at final Budget for our response to the pandemic as we better understand the impact of the winter months on the spread of the disease.

Substance Misuse

In 2020-21, up to, £3.5m was re-purposed toward providing a clinically proven treatment for Opioid Substitution Therapy for 'at risk' ex-heroin users. It is a slow release sub-cutaneous injection which last 28 days and replaces the need for daily oral medication. Benefits since implementation in March 2020 include:

- Initial feedback has been positive in terms of treatment outcomes and social gains for the individuals, including reduced offending, with many describing their experience as life changing.
- Buvidal has achieved a rapid reduction in the need for daily contact with NHS front line staff and pharmacists, saving approx. 100,000 visits between March and September 2020 to community pharmacies, therefore relieving pressures on local services.
- Ability to free capacity in specialist supervised consumption services, to support the most complex patients, including supporting the homeless sector in moving rough sleepers of the streets into accommodation and support
- Over 500 people are now benefiting from this new treatment.

- How allocations in the Draft Budget demonstrate a commitment to tackle health inequalities, exacerbated by the pandemic and/or where the pandemic and lockdown measures have had a disproportionate impact on the well-being of certain groups of people (such as older adults, BAME Communities and those on low incomes or who are otherwise financially insecure). How their needs will be met (i.e. access to primary care mental health support, investment in psychological therapies, suicide prevention, tackling loneliness and isolation, addressing unhealthy behaviours such as substance misuse, over-eating).

Mental Health

The Mental Health Delivery Plan was re-issued in October and has been strengthened to respond to the impact of the pandemic. There is a necessary continuation of the agreed priorities in the plan but – importantly - it sets our actions which we have needed to accelerate to respond to immediate needs, for example, our investment in Tier 0/1 support. The plan also sets out new cross-Government actions to respond to the wider socio-economic impacts of the pandemic. This includes through our health led employability programmes, further support for ethnic minority communities and our work to better integrate mental health support for instance for those in debt or with housing needs.
Our mental health investments for 21-22 will cover these areas and will be allocated to support the priority areas / actions laid out in the delivery plan.

Time to Change Wales

Time to Change Wales (TtCW) is a campaign aimed at ending the stigma and discrimination faced by people with experience of mental health problems in Wales. Reducing mental health stigma is an action within the Together for Mental Health Delivery Plan 2019-22.

The programme is to be extended in 2021-22 to ensure continuity to anti-stigma work in Wales, particularly with the heightened risks regarding Covid-19 and the impact this has placed on people's mental health. It is suggested that during the extension phase TtCW explore ways to better reach Black Asian and Minority Ethnic communities. The Covid-19 pandemic will have severe economic consequences, disproportionately affecting the most marginalised groups in society including those living in poverty and deprivation. People from Black, Asian and Minority Ethnic communities are already shown to be at increased risk of contracting covid-19 and are more likely to be experiencing additional adverse impacts of coronavirus (such as issues with housing and finance).

Employees within the benefits system and health and social care services will also be targeted to ensure people accessing these services experience less stigma due to better awareness amongst employees on the impact of stigma following pilot intervention.

Healthy Weight: Healthy Wales

There is evidence that individuals living with overweight or obesity are more likely to be hospitalised and are progressively more likely to be admitted to intensive care and to require advanced treatment due to Covid-19. We will be investing a further £5.5m into Healthy Weight: Healthy Wales. This includes within our obesity pathway through Local Health Boards to provide a range of services for both adults and children to ensure that they can access the right level of help and support. This can be through on-line support, weight management support, more intensive multi-professional support or access to bariatric surgery.

There is a risk that the pandemic will have exacerbated existing inequalities with individuals with existing health problems more likely to have been inactive and had restricted access to food during the pandemic. Individuals on a low income are at greater risk of obesity prior to the pandemic and are more likely to have suffered financial harm as a result of the pandemic. That is why we will also be delivering work directly with communities through system based approaches and through a pilot of a Children and Families Programme. The funding will utilise opportunities for continued insights and research to develop approaches based upon behavioural change.

Substance Misuse

Substance Misuse funding supports the work contained within the Substance Misuse Delivery Plan 2019-22. The Delivery Plan was updated in December 2020 to incorporate changing priorities as a result of COVID-19, specifically to ensure it reflected the work that has been, and will need to be undertaken in 2021-22 and beyond, as a result of the pandemic.

Substance misuse can have a devastating effect on individuals, their families and communities. The overarching aim of the plan is to reduce the harms caused by drugs and alcohol to the individual and wider society.

Critically, significant work was been undertaken to protect essential services including Opioid Substitution Therapy (OST) and family support. These services were deemed essential

through the NHS Operating Framework at the start of the pandemic to ensure they were still available. This support has been critical to ensuring services were able to respond and meet the needs of significant numbers of people requiring support as part of the Welsh Government's ambition to ensure no one was left on the street.

Our substance misuse services have adapted rapidly to the changing circumstances, moving to providing online (Skype) consultations and psychological support services and ensuring ongoing support. This has included - where necessary - delivering OST medications to those who are self-isolating or unable to access their medication for other reasons.

In addition, the updated Delivery Plan reflects the significant partnership working has been undertaken to support both work to house all homeless people and prepare for the potential early release of prisoners.

Specific areas within the Delivery Plan of relevance:

- £2.75m is ring fenced to support children and families. We are aware of the links between substance misuse and the risk of children going into care and are working across government to ensure all families have access to the support they need to stay together, wherever possible.
- An action to work with Area Planning Boards (APBs) to ensure that services provided meet the needs of people of all ages, including older adults.
- An action to effectively respond to co-occurring mental health problems which are common in substance misuse. Specifically to undertake a detailed piece of work to better understand the barriers to, and opportunities for, progress in this area.
- An action which aims to tackle the stigma associated with substance misuse which can provide a barrier to people obtaining support within ethnic minority communities.
- Actions to reduce the stigma associated with substance misuse to both encourage people to seek help in the first place, but also to reintegrate people in recovery into the wider community.

Suicide Prevention

As outlined above, we continue to commit an additional £500,000 per annum to tackle suicide and self-harm. This includes funding of the National Suicide Prevention Co-ordinator, supported by three Regional Co-ordinators to drive forward this work and co-ordinate the multiple agencies with a role to play in this agenda.

Broader mental health funding supports the work contained within the Mental Health Delivery Plan 2019-22. The Delivery Plan was updated in October 2020 to incorporate changing priorities as a result of COVID-19, specifically to ensure it reflected the work that has been, and will need to be undertaken in 2021-22 and beyond, as a result of the pandemic.

Loneliness & Isolation

During 2021-22 we will continue to make £0.750m available to support the loneliness and social isolation strategy which was published in February 2020. To support delivery of the

strategy, a Loneliness and Social Isolation Fund will be established in 21-22 to test out innovative approaches to tackling loneliness and social isolation and/or scale up promising approaches to reaching out to those who are already lonely and/or socially isolated.

- Specific detail on the spending allocations within the Draft Budget for mental health support services for the health and social care workforce, alongside an explanation of whether the Draft Budget includes a specific allocation for extra staff resource with regards to the mental health workforce, particularly in supporting those with dementia and autism.

In 2020 an additional £1m was made available to extend the mental health support scheme for doctors, to 60,000 healthcare workers in Wales, to ensure those on the frontline have access to the support they deserve. This increased service will continue into 21-22 with plans in train to further extend it to include social care staff.

Within the Together for Mental Health 2019-2022 there is a priority action to develop a workforce plan for mental health. The workforce plan is being developed jointly by Health Education and Improvement Wales (HEIW) and Social Care Wales (SCW).

HEIW and SCW carried out a mapping exercise with Health Boards throughout November to identify staff and posts and this will inform the Workforce plan for Mental Health scheduled for consultation in late 2021. Throughout October, HEIW and SCW led a joint, month long virtual conference to engage a wider range of stakeholders to inform the future mental health workforce in Wales. This work will inform future expenditure on the children and young people's mental health workforce, however, in the meantime elements of the service improvement funding is allocated to support the training and development needs identified by health boards.

In respect of dementia, there is a Dementia Learning and Development Group, accountable to the National Dementia Oversight Impact and Implementation Group (DOIIG). This group has currently refocused its activity in response to the coronavirus pandemic. This is because there is evidence to suggest the pandemic and impact of lockdown has had a significant impact on people living with dementia. Evidence from people living with dementia who attend the regular 3NDWG webinars supports the suggestion that many experience cognitive and physical decline and a loss of confidence. Allocations made to Regional Partnership Boards in respect to the Dementia Action Plan are also able to be directed to supporting the workforce as this is a key priority of the action plan.

5. Cross government/ sector working

Examples of allocations within the Draft Budget which demonstrate the Welsh Government is taking a 'whole system', cross government and joined up approach to improving people's mental health and well-being - recognising the wider determinants of mental health and well-being (i.e. that it does not just lie within the NHS). How to ensure the focus on prevention/ early intervention is not lost as a result of the pandemic and how this reflected in the Draft Budget allocations.

Mental Health (MHWWL MEG)

It is recognised mental health is a cross-cutting commitment for the Welsh Government and all departments are asked to consider the impact of all policy and programmes on mental health well-being. The need for this cross-Government approach has been brought into sharper focus due to the wider socio-economic impacts of the pandemic and these aspects have been strengthened in the *Together for Mental Health delivery plan 2019-2022.*

We recognise that any investment directed towards mental health services needs to be supported by wider cross-government investment in areas protective of mental health. This includes of employment, debt and housing – but also in areas such as the arts, sports and access to green spaces which play an important role in protecting and improving well-being. The Together for Mental Health Delivery Plan also reflects the breadth of this cross-Government action needed to improve mental health and to prevent mental ill-health.

Examples of cross-portfolio investment from include:

- Investment of a further £4 million in the whole system approach to mental well-being – this include extending schools counselling. This takes the full investment to £9m, between the Education and Mental Health, Wellbeing & Welsh Language MEG.
- £1m to support joint working between housing, substance misuse and mental health services for individuals with complex needs, included in plans for 21-22.

Allocations in 2020 included:

- Work with training providers to ensure the additional £40m provided to support the Welsh Government's Covid-19 commitment for jobs and skills is targeted effectively to help those groups most impacted by Covid-19, including young people aged 16-24.

- £10m of funding to HEFCW to support partners in the HE sector to address mental health and well-being and financial hardship.

Substance Misuse - Preventative work

The Wales Police Schools Programme delivers education on substance misuse and wider community and personal safety issues at all key stages of the curriculum, amongst a range of other lessons. An Operational Review of the Programme in 2019 paved for the way forward for a strategic whole system approach. A Strategic Board with representation across Government including Substance Misuse, Mental Health, Learners Division, Community

Safety, Curriculum, Communities and Digital Learning was set up to progress recommendations. The Board also comprises high level Police representation.

Housing and Homelessness

Our substance misuse services work closely with homelessness teams to ensure we provide the wrap around support necessary to support this group of individuals who often have complex needs. We provide £1m of funding to support complex needs work (supported through AHW MH) alongside both housing (including Housing First) and mental health services to deliver integrated services to meet these complex needs. Throughout the crisis response our services have work closely to ensure wrap around support for those housed as a result of the ambition to leave no one on the streets. To support this work the Welsh Government offered full flexibility to adapt services and meet this demand, in addition the Welsh Government agreed to meet the costs of injectable buprenorphine which though only requiring a monthly injection further reduced pressures on services and community pharmacies.

Children and Families

The Welsh Government is strongly committed to supporting families experiencing substance misuse issues. Our Substance Misuse Delivery Plan sets out our expectations for substance misuse services in Wales and in particular the need for Area Planning Boards to work with partners supporting families, including those on the edge of care. Working closely across government we will be developing Family Drug and Alcohol Courts in Wales and partnership working will be essential for the successful delivery of this programme. Being able to co-produce family solutions to empower families and encourage ownership of a 'working together to stay together' approach can lead to a successful family life. FDACs can form part of a family solution by working together with a range of professionals to co-produce a focussed plan to restore family life.

Given the key focus of FDAC on addressing substance misuse issues we expect to see strong engagement by Area Planning Boards to ensure existing services are optimised and any gaps identified are addressed in an integrated way with existing services.

Co-occurring Substance Misuse and Mental Health

Ensuring our substance misuse and mental services work closely together to meet the needs of people with co-occurring conditions is a priority for the Welsh Government. We have established a Deep Dive group drawing on clinicians, practitioners and experts from mental health, housing and substance misuse to better understand the barriers to progress in this critical area. The group has now been re-established (following COVID) and will continue to support solutions to this issue and use the opportunities of the lessons learned through the pandemic to further bring services together.

Healthy and Active Fund

The Healthy and Active fund is a partnership between Welsh Government (Health and Social Services and Culture, Tourism and Sport), Public Health Wales and Sport Wales and places

the sustainable development principles of the Wellbeing of Future Generations Act and the five ways of working at the core of its design, integrity, monitoring and evaluation.

The Healthy and Active Fund (HAF) aims to sustainably increase the physical activity of those who are currently sedentary or have very low levels of activity and improve levels of mental wellbeing, with a particular focus on strengthening community assets. Projects benefitting from the £5m Fund are seeking to reduce inequalities in outcomes for one or more of the following groups: children and young people; people with a disability or long term illness; people who are economically inactive or who live in areas of depravation; and older people and those around the age of retirement from work. The coronavirus outbreak has compounded existing health inequalities in Wales, and those groups particularly affected are the same key demographics targeted by the HAF.

Projects are collaborative in their approach and are delivered by a range of partners. They provide a diversity of geographical representation across Wales, including within the Valley Task Force area. The projects seek to reduce inequalities in outcomes and barriers in a variety of ways. From intergenerational approaches to gardening; encouraging families to get active with their new-born babies; to increasing physical and social activities for people living in care homes. There are other projects that look to support people with mental health issues to lead independent and long-term active lifestyles, and one that uses sporting memories to help people with dementia. The budget allocation for 2021-22 is £1.37m.

In Environment, Energy & Rural Affairs:
The 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.

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 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.

In Education & Public Services MEG (EPS)

Housing Support Grant
In 21-22 there is an increase in the Housing Support Grant by £40m to £166.6m. This grant supports services that are both preventative and acute. This allocation, along with an additional allocation of £4m to the Homelessness Prevention Grant from the Covid-19 reserve will drive forward transformation change in our plans to tackle homelessness. Families living in temporary accommodation and other forms of homelessness, are less likely

to access important support services. Homelessness can also have a significant negative impact on the children in these households affecting their well-being, development and educational attainment. The Housing Support Grant is a preventative programme with a focus on actively helping those who require help now to support and maintain a home and also the development of innovative approaches to delivery designed to prevent people becoming more vulnerable in the future. It addresses the housing and housing related support needs of the most vulnerable individuals in society through a range of early intervention, prevention and support mechanisms. It supports vulnerable people to address the sometimes multiple problems they face, such as debt, employment, tenancy management, substance misuse, violence against women, domestic abuse and sexual violence, and mental health issues. Support is person centred, aimed at supporting people to secure and maintain sustainable housing by addressing the problems they face, helping to improve their health and well-being and helping them progress into, or nearer to, a job or training opportunity based on their specific circumstances. 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.

EPS – Housing

Following the Grenfell Tower tragedy, high rise residential buildings (HRRBs) continue to face a range of systemic building safety weaknesses which are well documented. The issues faced by residents of high-rise buildings are not just housing issues. There are significant mental health concerns for those living in these properties. In 2021-22 we have allocated £32m capital through a blended offer of grant and loan finance. The capital funding will support buildings of 18 metres and over (as outlined in the Road Map) with identified building defects in relation to building safety and will help speed up the pace of works to address fire and structural issues identified.

EPS - Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV)

An additional £1.575m of revenue funding and an ongoing £1.2m of capital funding have been allocated to support the Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) provision and will help support mental health and wellbeing by providing:

- vicarious trauma training
- additional funding to increase domestic abuse and sexual violence counselling, thus decreasing waiting lists
- increase staff clinical supervision
- additional disbursed accommodation for those fleeing Violence Against Women, Domestic Abuse and Sexual Violence.
- increase in Independent Domestic Violence Advisor (IDVA) and Independent Sexual Violence Advisor (ISVA) provision
- financial support to front line Violence Against Women, Domestic Abuse and Sexual Violence provision to be able to meet increased demand
- increased support for children and young people who are victims of Violence Against W omen, Domestic Abuse and Sexual Violence so that they can get support when required.

EPS - New Single Advice Fund: This will make grant funding available for the provision of information and advice services.

- The Welsh Government has a long-standing commitment to supporting the provision of advice services. Our grant funding ensures that some of the most vulnerable people in Wales access the advice and support they need to resolve problems with their housing, debts, welfare benefits, employment or discrimination. Problems that, if left unresolved, can have negative impacts on a person's mental wellbeing.

- The funding of £10m to Advice Services in 2021/22 will ensure a co-ordinated provision of quality assured advice services are easily accessed by those in our communities who need them the most, including people with mental health problems.

- Through the Single Advice Fund the Welsh Government is grant funding an innovative collaborative delivery model of Advice and Access Partners. Access partners are a range of third sector organisations, including those with established links in relation to mental health, who do not deliver advice, but help and support people to engage effectively with the advice process they also offer people wraparound support that will build their capability and confidence to prevent future social welfare problems.

- During the period January to September 2020 over 82,000 people received help through the Single Advice Fund services, to deal with over 190,000 problems on their housing, debts, employment and welfare benefits. The advice helped people in Wales to claim over £20million of additional welfare benefit income. 83% of people helped are from our key priority groups, which includes people with mental health problems.

EPS - Community & Third Sector

Volunteers and voluntary organisations have played a critical role in responding to this crisis, supporting those experiencing poor mental health, loneliness or abuse to collecting prescriptions and looking out for neighbours. The pandemic has also shown that grassroots, informal volunteering, is as important as formal volunteering.

The voluntary sector in Wales will play a key role if we are to see a fair and just recovery from the coronavirus pandemic and beyond, this can only be achieved with a strong voluntary sector. Since launching the Voluntary Services Recovery Fund in August 2020 we have seen over 30 organisations to date applying for funding to support those suffering from poor mental health as a result of Covid-19.

The additional £3.669m Revenue funding will ensure the Third Sector can continue to respond to Covid-19 crisis; additional funding will be used to:

- Further improve the infrastructure, ensuring third sector organisations, including mental health charities, at a local level can access advice and guidance. Enabling informal volunteering to be supported locally in an efficient and effective manner (£0.669m).
- Provide support directly to third sector organisations as part of our continuing Welsh Government Third Sector Covid-19 Response Fund (£3m).

Details of initiatives and support packages for children & young people, from the Education MEG, can be found in the evidence papers for the CYPE committee.

- Details of how you are engaging with Health Boards to ensure the allocation in the Draft Budget for mental health provision is sufficient to meet the demand for services, including an assessment of how effective the Mental Health Service Improvement Fund has been in enabling Health Boards to respond to the mental health needs of the population, such as in crisis care and psychological intervention. Whether the amount of planned spending by Health Boards on mental health services within the NHS has gone up or down as a result of the pandemic.

From March 2020 Welsh Government recognised the importance of providing as much flexibility as possible for health boards in responding to the pressures associated with the current pandemic situation in mental health and therefore released the first six months of funding (£3.5m) from the Mental Health Service Improvement Fund (£7m in total). This was allocated to each health board to ensure the continuity and flexibility that was required at this time. Health boards were asked to retrospectively provide a high-level overview on how the funding was utilised to respond to the pressures associated with the current pandemic situation in mental health. Returns confirmed this funding had been utilised in a number of ways including: additional staffing from agency and redeployment, supporting extra care due to day care service closures, additional in-patient care capacity commissioned and reconfiguration of service models to provide them digitally.

The second £3.5m allocation was allocated to a number of priority areas. There were elements of proposals targeted at young people included within most priority categories. The split across the priority areas for 20/21 are detailed in the table below. All health boards have had their full allocation against the £7m. This funding has been added to the main NHS allocation for 21-22.

Priority area	**Amount allocated 20/21**
CAMHS	£330,495
Eating Disorders	£501,385
Perinatal	£222,488
Psych Therapies – all age provision	£446,446
Crisis / Out of Hours – all age provision	£991,217
Early Intervention in Psychosis	£92,166
Other (i.e. pharmacy, prison health, recovery services)	£300,011
Covid response	£367,848
Non-specific Covid/ Delivery Plan priorities	£247,944
Total	**£3,500,000**

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

We continue to engage with health boards in respect to mental health funding and the response to the draft budget is underpinned by:

- UK, National and NHS led population surveys that demonstrate increased anxiety in our population.
- Health board demand and capacity modelling that suggests an increase need across all mental health services due to the pandemic.
- Wider evidence of the socio-economic impacts on mental health, for instance through job loss, debt and housing issues.

6. Impact assessment

- Your view on the impact this Draft Budget will have on improving people's mental health and well-being across all areas of your portfolio, particularly in the context of the coronavirus pandemic.

Mental Health

We believe the draft budget will have a positive impact as it is addressing priorities laid out in the Together for Mental Health Delivery Plan 2019-2022. When we published this in January 2020 we also published an Integrated Impact Assessment alongside it to explain these impacts more fully.

As stated previously we have reissued this plan to take into account the impact of the coronavirus pandemic and as such we have refreshed the Impact Assessment. This will be published shortly.

7. Children and young people's mental health and well-being

We understand that you will be giving evidence to the Children, Young People and Education Committee, specifically looking at the Draft Budget/ expenditure on children and young people in relation to their mental health and well-being (e.g. funding for schools to improve school counselling etc).

Whilst we will not duplicate this work, it would be helpful for members of this Committee to see your letter to the Children, Young People and Education Committee, setting out how you intend to prioritise children and young people's mental health and well-being in the Draft Budget.

In the draft budget, we are dedicating additional funding to both Child and Adolescent Mental Health Services (CAMHS) and Whole Systems Approach to mental health to continue to respond to increasing demand for these services. This responds to the expected increase in demand for these services and the need to shift to a preventative, integrated provision to support children and young people's mental health and wellbeing.

Support for young people with a diagnosed mental health condition is offered at a community level whenever possible, but in some cases, specialist CAMHS intervention for the most vulnerable children may need inpatient treatment. The additional funding (£5.4m) will be

directed towards improvements to mental health services for children and young people with an emphasis on supporting those in crisis and who need in-patient support. .

In the Whole Systems Approach we will expand provision of school counselling and emotional support alongside scaling up the provision of CAMHS in-reach by extending the pilot sites (£4m increase). We will also continue to support implementation of our whole systems approach framework, by funding implementation leads to work locally with schools, local authorities and other partners to develop local whole system approaches to learner wellbeing; and build on earlier activity by developing further universal and targeted interventions; professional learning opportunities; and supporting school staff wellbeing.

Health, Social Care and Sport Committee – Wednesday, 20 January 2021

Deputy Minister for Culture, Sport and Tourism

Memorandum on the Sport Draft Budget Proposals for 2021-22

1.0 Introduction

This paper provides information to the Committee regarding my spending plans for sport within my portfolio. The plans are set out in the draft Budget for 2021-22 published on 21 December. It also provides an update on specific areas of interest to the Committee.

The sector has faced significant challenges as a result of the pandemic this year but in the face of adversity, has worked collaboratively and cohesively to help people maintain their levels of wellbeing when the circumstances have allowed. Over the past ten months, we have aimed to strike a balance between the importance of sport and exercise to peoples' mental and physical wellbeing with the need to keep people safe and protect the NHS. We have also focused much of our attention on, and investment in, protecting the sector and helping it to prepare for the return of sport and exercise as the national rules are eased. For many people across Wales, sport and exercise has been a release from the challenges of their daily lives during the pandemic. For many others, they have been unable to find the time or opportunity to be physically active and as we recover from this public health crisis, it is vital we continue to support the sector to support people to maintain or improve their physical and mental wellbeing.

Although strides are being made with vaccines and we can dare to hope that there will be a return to some sort of normality for the sector in time, there remains a great deal of uncertainty and our plans will need to be flexible and be able to evolve within fast-moving circumstances. While recovery is key, we want to ensure we deliver on the Welsh Government's wider priorities such as climate change, reducing poverty and inequality, enhancing skills, and creating jobs.

Sport is an intrinsic part of our nation's identity. It brings our communities together and provides people with transferrable skills to enhance their learning and find a job or career. Through the many thousands of activities across Wales, sport also supports the growth of Welsh speaking communities by providing opportunities for people to use it on a daily basis as a living, modern language.

The sport sector must survive this crisis and we must plan so that our communities, clubs and facilities can return positively and look to the future with hope. We also

want to ensure that we can protect the sector and make it ready for any challenging implications of the EU exit but by the same token, assist it to make the most of the opportunities and positive challenges. It is important that sport is not exposed and has the tools it needs to navigate life post-pandemic and post-Brexit.

I am confident sport can support the nation to re-emerge positively from the challenging period we have been through. It is vital to enhance our sense of identity, physical and mental well-being, and to ensure the economic recovery of a sector that adds value to our health and happiness and gives meaning to all our lives.

The spending plans for sport will enable the Welsh Government to continue to invest, through its delivery partner, Sport Wales, in the people and places to provide inclusive and equal opportunities for people to lead healthy and active lives, and to realise their sporting potential.

The Culture and Sport Division, working with Sport Wales, will continue to support and promote the important contribution that sport, recreation and leisure make to Wales. Our actions and investments will foster a culture and environment in which sport is a major contributor to create a healthy and active population and one which identifies and nurtures sporting talent, wherever it is discovered in Wales, to its full potential.

The Culture and Sport Division will also continue to support the delivery of the Healthy Weight Healthy Wales Delivery Plan, the collaboration that is leading the delivery of the Healthy and Active Fund, and the Armed Forces Free Swimming Scheme across Wales.

2.0 Summary of Budget Changes

The Draft Budget 2021-22 provides a one year plan for both revenue and capital investment. Future budgets are not yet confirmed so indicative allocations for 2022-23 cannot be provided. The future provision for sport and physical activity will be considered in the context of the Welsh Government's priorities and available budget for the Mental Health, Wellbeing and the Welsh Language portfolio.

2.1 Resource

An overview of the resource budget changes between 2020-21 and 2021-22 is summarised in **Table 1** as follows:

TABLE 1: Overview of the Resource Budget					
Action: Sports and Physical Activity	**2020-21 First Supp Budget £'000**	**2020-21 Second Supp Budget £'000**	**2020-21 Final Budget £'000**	**Change £'000**	**2021-22 New Plans Draft Budget £'000**
Sport Wales	22,567	35,067	22,567	(150)	22,417
Support for Sport	0	0	157	(157)	0
TOTAL RESOURCE	**22,567**	**35,067**	**22,724**	**(307)**	**22,417**
Sport Wales Pension Provision AME	0	0	0	2,000	2,000
TOTAL AME	**0**	**0**	**0**	**2,000**	**2,000**

In 2021-22 the Sport Wales grant in aid has been maintained and reflects the repayment of £150k for Invest to Save funding. In 2019-20, £450k was provided for the Voluntary Early Release Scheme repayable over three years commencing 2020-21. To note that the first repayment will be shown in the Third Supplementary Budget. The allocation also includes non-cash provision of £779k for depreciation.

In the First Supplementary Budget the Support for Sport budget of £157k was consolidated in the Support for Local Culture and Sport Budget Expenditure Line (BEL) to align the budgets delivering across the portfolio, whilst maintaining separate BELs for the sponsored bodies and partner organisations. In 2020-21 the Local Culture and Sport budget is £2.817m and is available to respond to delivery priorities for the sector. The 2021-22 plan includes provision for existing commitments such as for the Armed Forces Free Swimming Scheme, delivered by local authorities, and the Urban Games, which was due to be delivered in 2020 by the Urdd but was postponed due to Covid-19.

In the 2020-21 Second Supplementary there is an allocation for the **https://gov.wales/14m-funding-package-for-wales-sport-and-leisure-sector** to support the sector with the ongoing challenges of the coronavirus pandemic and to help provide longer-term sustainability. Of this £12.5m was allocated directly to Sport Wales and included in the funding of £35m to provide essential funding to sports clubs and organisations. The remaining £1.5m is managed within the Local Culture and Sport BEL for sporting events. This funding complements the Emergency Relief Fund and the Be Active Wales Fund. The sector has also been supported through the Welsh Government emergency funds for business rates and

the Local Authority Hardship Fund, which provided funds to offset the loss of income at leisure facilities.

Commercial income levels for the national sport centres are unlikely to recover to the levels before the pandemic. In the draft Budget there some targeted portfolio investments in line with the immediate Welsh Government priorities. Further financial decisions for the sport sector will assessed as we better understand the impact of the winter months on the spread of the disease. In 2020-21 there is additional provision for Sport Wales to cushion Covid impacts.

In 2021-22 Sport Wales as a sponsored body will be fully aligned to the Welsh Government accounts on a resource basis. The Annually Managed Expenditure budget of £2m will provide budget cover for any fluctuation in pension provision.

2.2 Capital

An overview of the capital budget changes between 2020-21 and 2021-22 is summarised in **Table 2** as follows:

TABLE 2: Overview of the Capital Budget

Action: Sports and Physical Activity	2020-21 First Supp Budget £'000	2020-21 Second Supp Budget £'000	2020-21 Final Budget £'000	Change £'000	2021-22 New Plans Draft Budget £'000
Sport Wales	3,345	3,345	3,345	3,284	6,629
Repayment of Sports Capital Loans Scheme	(254)	(254)	(227)	-	(227)
TOTAL	**3,091**	**3,091**	**3,118**	**3,284**	**6,402**

The 2021-22 Sport Wales capital budget of £6.629m includes £5m for the Strategic Sports Facilities Fund, where an additional allocation of £2m will further enable the increased participation in sport and outdoor activity. This is also important in ensuring that Wales is well positioned to compete internationally and to help host international events, providing a unique opportunity to promote Wales brand on the international stage in the future.

Sport Wales actively pursues policies and initiatives to reduce the impact of its operations on the environment. Additional capital funding of £1.3m in 2021-22 provides investment to address business critical maintenance, particularly the heating system and pool plant at the National Outdoor Centre for Wales at Plas Menai. Working with the Carbon Trust, this significant investment with deliver long term energy efficiency savings and significantly reduce the carbon footprint. The centre provides residential outdoor activities for schools in north Wales and across

the border in England, and contributes economically to the local area by providing full-time and seasonal jobs.

The budget change of £3.284m reflects the additional allocations of £3.3m as offset by the repayment of £0.016m for the yacht at Plas Menai, purchased with the assistance of Invest to Save funding.

The 2021-22 budget also accounts for a reduction of £27k in year for the repayment of Sports Capital Loans Scheme. 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 £910,236 remains outstanding.

3.0 Response to Specific Information Requested by the Committee

What impact Covid-19 has had on the provision of and participation in sport and physical activity and the priorities and allocations to address any impact.

The inequalities of sporting activity during the initial lockdown period was shown clearly by the ComRes study which Sport Wales commissioned in May. During the strict lockdown period, people from lower socio-economic backgrounds were much more likely to have reported a drop in their physical activity levels. Most worryingly, people who reported their children were not doing any physical activity or exercise on a typical day was 9% but this rose to 14% for children from lower socio-economic backgrounds. It is therefore more important than ever to ensure that children are receiving both high quality and quantity of sport and activity, particularly in a school setting, as a healthier population who are active are likely to be less impacted by future outbreaks.

There is an opportunity to reimagine what a future sporting nation could be. The compelling nature of sport, and Sport Wales as its lead organisation, is uniquely placed to support this new approach. With the ability to engage every community in Wales, across every portfolio, sport can emerge as the driver for a more resilient, healthier, and prosperous country. What is more, sport can do this whilst relentlessly focussing on tackling inequalities as a universally accessible and engaging policy tool. Investing in sport today, will not only be the vehicle which addresses these lost months, but will build a stronger, more resilient Wales in future.

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 2021-22 is shown in Tables 1 and 2 above. We are providing revenue funding for sport of £22.417m, highlighting our commitment to increasing physical activity levels and the importance of preventing ill health. Sport and physical exercise is part of the solution in responding to the immediate and longer-term threats of Covid on our communities.

We are also maintaining our commitment to support the modernisation and accessibility of sports facilities in communities across Wales by providing Sport Wales with a capital budget of £6.629m. The capital budget includes £1.645m for essential maintenance at Sport Wales' two national centres and to support its drive to improve their energy efficiency and reduce their carbon footprint. 'A Place for Sport' fund helps sports clubs and organisations in Wales improve and upgrade their facilities. The £5m available in 2021-22 complements the £8m we have already invested in sports facilities over the last two years. Environmental sustainability is integral to the budget decisions and the impact in reducing carbon emissions and energy efficiencies is a key consideration for investment.

Monitoring of the effectiveness of Sport Wales' use of funding is undertaken at a range of levels. My officials have regular discussions with Sport Wales on the strategic priorities articulated through its business plan and hold quarterly monitoring meetings to discuss progress against agreed objectives and outcomes. They also attend Sport Wales' Board meetings. I meet with the Sport Wales Chair and Chief Executive on a frequent basis to discuss policy priorities and progress against delivery of the remit letter and business plan.

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 Sport Wales' remit letter and articulated in the form of actions and outcomes in Sport Wales' business plan. For 2021-22, they are to continue to lead the sector and collaborate with others to encourage and facilitate a population increase in physical activity and to invest 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. Sport Wales will also continue to support the development of community sport across Wales and help sport to nurture, develop and support sporting talent to deliver success that inspires people and reinforces our identity as a sporting nation. It is likely Sport will continue to absorb the impact of the coronavirus in the first quarter of the financial year. Providing stability, reassurance and confidence to the sector will be a key priority for Sport Wales and through their strategy and person-centred approach, they invest approximately £16m per annum in community sport; through

partners, grant schemes and initiatives to ensure everyone has the opportunity to be active through sport. The revenue investment in 2021-22 will be complemented by a capital investment of £5m in facilities that will inspire and enable that to happen.

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, and the research Sport Wales commissioned from Savanta Com Res on the impact of the coronavirus on physical activity levels.. The priorities and proposed budget has also been informed by evaluations of existing initiatives, such as Free Swimming and the commitments in the Welsh Government's strategy to prevent and reduce obesity rates across Wales, Healthy Weight Healthy Wales.

The number of people participating in a sporting activity three times a week or more is a national indicator for the Well-being of Future Generations Act 2015. From the National Survey for Wales, we know in 2019-20, just prior to Coronavirus, 32% of adults (16+) participated in a sporting activity three times a week or more (808,000 people). 7% participated approximately twice a week (186,000 people), 11% participated approximately once a week (268,000 people) and 50% participated less than once a week (1,245,000 people). Moreover, 41% of adults had not participated in any sporting activity (1,040,000 people) in the previous 4 weeks.

The National Survey for Wales also reports that 49% of all adults would like to do more sport or physical activity (1,236,000 people). The equivalent measure was 50% in 2018-19, 55% in 2017-18, and 58% in 2016-17. This indicates that there has been a short-term decline in demand to do more sport.

The 2018 School Sport Survey from tells us that 48% of pupils in Years 3-11 participate in extracurricular or community sport three or more times per week. This is an unchanged since 2015. Similar proportions of primary and secondary pupils participate in extracurricular or community sport three or more times per week – 47% of primary pupils in Years 3-6 and 48% of secondary pupils in Years 711. There remains a gender difference in participation levels, with 50% of boys and 46% of girls participating in extracurricular or community sport at least three times per week. Participation levels also vary according to pupils' age, ethnicity, disability and relative level of deprivation.

Research commissioned by Sport Wales on the impact of coronavirus on sports participation has revealed that overall, levels of adult physical activity appear to be similar to those before the first COVID-19 restrictions were first introduced in March. However, the pandemic appears to have widened inequalities in participation across gender, socio-economic status, long standing illness or conditions, and age. While there was evidence to suggest a polarisation of activity during the national lockdown

(with increases in the number of people doing ‘no physical activity’ and physical activity ‘every day’), the current survey suggests a reversal of this trend with more adults now doing ‘some’ activity. The feedback suggests that children in Wales are now doing more sport/physical activity outside of school than before COVID-19 restrictions were first introduced. The exception here is for adults from lower socioeconomic backgrounds who are more likely to say that their child/children are now doing less activity on a typical weekend day.

The ComRes research also reports that two thirds of adults in Wales agree that it is important to exercise regularly. There has been a slight increase in the proportion of adults exercising to help manage their physical and mental health over the past five months but fewer people report missing the types of activity that they were able to do before COVID-19 restrictions were first introduced (from 56% during national lockdown to 49% currently).

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.

Our work and the work of Sport Wales contributes to many of the Wellbeing goals but primarily those of creating A Healthier Wales and a Wales of Vibrant Culture and a Thriving Welsh Language. The benefits to our mental and physical health of healthy and active lifestyles are clear. By increasing our levels of activity and adopting other good lifestyle behaviours, we can all not only reduce our risk of cancer and cardiovascular disease but also improve our mental well-being and reduce the risk of developing dementia. Regular physical activity is proven to help prevent and treat non-communicable diseases (NCDs) such as heart disease, stroke, diabetes and breast and colon cancer. It also helps to prevent hypertension, overweight and obesity and can improve mental health, quality of life and well-being.

Physical activity can and should be integrated into the settings in which people live, work and play. Sport and active recreation can help promote physical activity for people of all ages and abilities. Active play and recreation are important for early childhood as well as for healthy growth and development in children and adolescents. Quality physical education and supportive school environments can provide physical and health literacy for long-lasting healthy, active lifestyles. It is also important that adults can be physically active and less sedentary at work. Whether working or not, older adults can benefit from regular physical activity to maintain physical, mental and social health and enable healthy ageing.

Adopting and maintaining healthy behaviours is challenging and is strongly influenced by our environment, our social networks, the influence of social and cultural norms and wider commercial interests. Increasingly, we recognise the value of enabling communities to build positively on existing assets to find their own solutions to problems rather than prescribing action from outside. Creating

connections within and between communities to enable change can often be facilitated by access to relatively small amounts of funding, expertise or the willingness to share physical and human assets and resources. Across all settings, there are opportunities for digital innovations to promote and support people of all ages to be more active and to use data to help promote, support and monitor physical activity.

We must continue to find ways of creating the conditions which support communities and individuals in making lifestyle changes and sustaining those improvements. Sport can play an important role in creating a healthier Wales, and a vibrant culture and thriving Welsh language, through its network of partners and stakeholders, its community sports clubs and volunteers, including the Young Ambassadors who represent the interests and aspirations of current and future generations of young people. Sport Wales funding will be invested in our communities, through collaborating with other sectors, and integrating objectives and budgets, will deliver a social and economic return that will help create opportunities for, and a culture of, healthy and active lifestyles and a positive platform for young people to be positive and confidence about the future.

The capital investment in the National Centres and the Strategic Sports Facilities Fund with further develop 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.

The well-being outcomes and ways of working are embedded within all aspects of Sport Wales' responsibilities and activities including its strategy and business plan. In the development of the strategy for sport in Wales, Sport Wales involved and collaborated with a wide range of traditional and non-traditional stakeholders. Sport Wales continues to work with Public Health Wales and Natural Resources Wales to increase levels of physical activity across Wales and through the Healthy and Active Fund (HAF), collaborative working across communities is being encouraged and supported to achieve long-term sustainable benefits. The HAF embodies the sustainable development principle of the Well-being of Future Generations Act (Wales) 2015 and five ways of working, as evidenced by the independent process evaluation and a report by Audit Wales.

Evidence of how the Welsh Government's priorities and allocations for sport and physical activity contribute to the Welsh Government's equality objectives and ensure equality of access.

The Sport Wales strategy is driven by a person-centred approach to equality, diversity and inclusivity. The entire nature of the funding approach has been revamped to specifically drive action within the sector to proactively promote equality

of opportunity. Listening to the lived experiences of underrepresented minorities is a key feature of Sport Wales' future work. Of the 1200+ club funding applications Sport Wales received during the pandemic, 70% identified how their applications will promote equality. The percentage increased to 79% in the applications received for the 'Progress' strand within the Be Active Fund.

One of the key changes that Sport Wales has implemented recently is a revised investment strategy, which now focuses on three key areas - capability, accountability and data driven investment. This approach has refocused the way in which Sport Wales invests public money and lottery funding in its partner network, for both national governing bodies of sport and other national and regional partners. The revised criteria-based investment approach specifically targets the reach and impact that partners can have on different equality objectives. While all sports will be funded based on their participation rates and demand for their sport, there will be specific recognition of a partner's ability to impact on different demographics. Sports that can demonstrate reach and impact across gender, race and disability will receive greater investment levels as a way of driving action to support underrepresented groups. Deprivation is also a key criterion for how funding will be allocated across geographical partners, to proportionately fund those communities most in need.

Throughout the pandemic, the Welsh Government's funding has been directed towards projects which aim to ensure everyone has the opportunity to be active through sport. Through the Be Active Wales Fund (BAWF) and Sport and Leisure Resilience Fund (SRF) schemes, Sport Wales prioritised applications for investment that ensure sport is available to everyone.

How will the budget support:

- **increasing physical activity among children and young people in Wales;**
- **the wider preventative agenda; and**
- **joint working between sport, public health and other partners.**

Repurposing funding in 2020-21 has helped the sport sector survive through the pandemic and to prepare it to facilitate sporting opportunities and a positive impact on the physical and mental health of the nation. Prioritising young people will provide the biggest return on investment and the collaboration with the education sector is essential and the highest level of funding from Sport Wales' investment in national partners will be reserved for sports who can demonstrate the biggest impact on children and young people's participation levels.

As well as this shift in the partner investment, Sport Wales also invest in a number of organisations who exclusively support the physical activity and sport participation of young people. These include partnerships with the Urdd, Boys and Girls Clubs of

Wales and StreetGames, whose networks are supporting different and bespoke approaches to engagement with children and young people.

Sport Wales will continue to work with the education sector to have a positive and sustainable impact on young people's physical and mental wellbeing. The Sport Wales Young Ambassador programme, delivered in partnership with Youth Sport Trust, will remain a centrepiece of the organisation's investment in sport leadership within the school environment. Currently, there are almost 6,000 Young Ambassadors in schools, colleges and universities across Wales and 19,000 Young Ambassadors have taken part in the programme across its 10-year history. In a survey of Welsh Young Ambassadors, 96% of them said that the programme had given them more confidence, while 98% felt it had improved their leadership skills.

Sport Wales will build on the success of the Young Ambassadors programme to create a future workforce with skills developed through social engagement and volunteering. The programme not only supports the sector but it also enhances young people's experience of education and has a positive impact on their employability. With recent data showing that 30% of adults and 44% of 16-34 year olds seeking to volunteer in sport in the next 12 months, this is a workforce that is primed for growth.

Future investment will also continue to support physical literacy resources for schools and communities. Sport Wales has developed resources to support teachers and school staff in the primary phase and for extra-curricular sport in primary schools. Investment in 2020-21 will continue to support local authorities and schools to collect data on sports participation through the School Sport Survey. The data is key to understanding the experience children have of physical education and sport and helps shape the offer provided to them in school and in the local community.

Sport can be the nation's most effective preventative health tool but greater cross-sector prioritisation is needed to create the long-term sustainable shifts in participation. The Healthy and Active Fund and Healthy Weight: Healthy Wales Delivery Plan are two examples of success in this area.

Sport Wales continues to invest funding and resource in the delivery of the Welsh Government's *'Health Weight: Healthy Wales'* delivery plan. There are a range of areas of focus within this work including the continued investment in supporting the delivery of the Free-Swimming initiative and a new 60+ Active Leisure scheme which will be launched in January 2021.

In 2020-21, the Culture and Sport Division will continue its investment in, and support for the Healthy and Active Fund. The fund, which will enter its third year in 2021-22, supports organisations who actively promote and enable healthy activity for

population groups with little or no levels of physical activity in their lives. As is the case with many other similar programmes and projects, the impact of the coronavirus has forced the projects to curtail or pause their activities in 2020-21. They will hopefully resume in full when the coronavirus loses its grip and national rules are relaxed.

Sport Wales works across different sectors to broaden the health, social and economic impact of sport but the impact of the coronavirus has interrupted the momentum gained in recent years. The most significant piece of work has been the developing relationship between Sport Wales, Public Health Wales (PHW) and National Resources Wales (NRW) within the Welsh Physical Activity Partnership. The partnership will be revitalised in 2021-22 to continue its collaborative work on programmes, initiatives, research and impact assessments to support the Welsh Government's commitment to increase people's physical activity levels. This work will be complemented by the Welsh Institute of Physical Activity, Health and Sport (WIPAHS), a consortium of eight Welsh universities established by Sport Wales to provide a new, collaborative research resource to support evidence based physical activity interventions and progress evaluations.

In 2020-21, the most significant strategic investment Sport Wales will make will be in the Community Sport and Activity Programme (CSAP), which will transform the way local sport and physical opportunities are managed and delivered. CSAP will establish five regional sport partnerships across Wales by 2022-23 which will represent the interests of, and be represented by, a wide range of organisations, such as:

- Local Authorities
- Universities and/or Further Education Institutions
- Health Boards
- Housing Associations
- Leisure Facility Operators
- Sports clubs and other sports organisations
- Third sector partners
- Community Associations

This investment in CSAP will drive collaboration across geographical areas to deliver resources and change at scale. Sport North Wales will be the first partnership to go live in 2020-21, followed by the other four as soon as possible thereafter. CSAP will devolve responsibility for sport investment based on local circumstances and the needs of communities.

2020-21 Draft Budget - Committee Recommendations

Recommendation 13. We recommend that the Welsh Government should undertake and publish an evaluation of participation rates in the revised free swimming initiative within 12 months of its introduction.

Recommendation 14. We recommend that the Welsh Government should undertake and publish an evaluation of:

- **what additional activities have been provided with the £1.5 million that was previously allocated to the free swimming initiative;**
- **what the participation rates have been. This should be done within 12 months.**

It is important to remind the Committee that the change in approach to the Free Swimming initiative was designed not to increase participation across the targeted age groups but to achieve a social impact of supporting young people and in particular, those living in Wales' most deprived communities.

Like many other initiatives of its kind, the Free Swimming initiative has been challenged by the coronavirus and the necessary restrictions. For much of 2020, leisure centres and swimming pools have been closed or have had to operate at limited capacity to adhere to social/physical distancing measures. Consequently, local authorities have not been able to deliver the initiative as intended.

In light of the impact of the pandemic on the initiative, the participation data collection tool has been re-evaluated and will be issued to all local authority partners by the end of the calendar year. They will use the tool to collect quantitative data and case studies backdated to October 2019. The data and the independent evaluation of the new approach will be published in the autumn of 2021 when the full and real impact of the revised initiative.

The intention was to invest the funding released by the changes to the Free Swimming initiative to support the actions in the Welsh Government's Healthy Weight Healthy Wales Delivery Plan, which includes the £5.4m Healthy and Active Fund. However, all of the Sport Wales budget for 2020-21 was repurposed to help the sector survive the impact of the coronavirus. Those funds and the £14m Sport and Leisure Recovery Fund I announced in September will ensure we safeguard the bodies and organisations who deliver initiatives like Free Swimming and many other schemes and activities.

Memorandum on the Economy and Transport

Draft Budget Proposals for 2021-22

Economy, Infrastructure and Skills Committee – 20 January 2021

1.0 Introduction

This paper provides information on the Economy & Transport (E&T) budget proposals as outlined in the 2021-22 Draft Budget published on 21 December 2020. It also provides an update on specific areas of interest to the Committee.

2.0 Strategic Context / Covid Impacts

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 2021-22 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 pathway to Welsh economic recovery from the COVID-19 pandemic builds on the foundations of Prosperity for All: The Economic Action Plan. This shaped an economic development programme which invests in people and businesses - driving prosperity and reducing inequality across all of Wales. The mission builds on the early progress we have made in raising the profile and challenges in the Foundational Economy, recognising there is more to be done to spread and scale the approach.

Other key initiatives, including Prosperity for All: A Low Carbon Wales, Cymraeg 2050, the Employability Delivery Plan and our Fair Work agenda, run through all interventions. The Well-being of Future Generations Act and its wider framework continue to provide a uniquely Welsh way of tackling the long-term challenges that our people and our planet face. It has guided our approach to reconstruction ensuring a values based recovery. Our mission aligns closely with our Framework for Regional Investment, learning lessons acquired over 20 years of EU cohesion policy and setting out pathways through which we may optimally use replacement funding from the UK Government regionally.

Our intention is to create a Wales in which enhancing wellness and well-being are our driving purpose, delivering a prosperous, green and equal economic recovery that recognises the utmost importance of investing in people and place.

Llwybr Newydd - Wales Transport Strategy, published for consultation last month, sets out a long-term vision for an accessible and sustainable transport system. It contains four high-level cross-cutting 20-year ambitions that can deliver wider benefits to people and communities, to the environment, to the economy and places, and to culture and language. These ambitions will be delivered through a set of five year priorities, targeting ways to reduce the need to travel and encourage modal shift.

It changes our approach to the way we make decisions and investments. The sustainable transport hierarchy gives priority to meeting the demand for travel by walking, cycling and public transport ahead of private motor vehicles. The investment hierarchy's focus is on measures to manage demand, make better use of existing infrastructure (including joined up planning between transport and land use), and on widening and promoting sustainable travel choices.

This new approach is also supported by the final report of the South East Wales Transport Commission that recommends a network of alternatives to encourage people to use more sustainable modes of transport.

The National Transport Funding Plan will define the key areas of expenditure for transport in Wales over the next five years. It will build on previous National Transport Finance Plans, but the approach will be shaped and informed by the new Wales Transport strategy, Llwybr Newydd. The document will be prepared by Transport for Wales.

In addition to additional funding, we have also reformed the way that public transport services are delivered to reflect the new commercial realities and maximise the benefits and outcomes from our increased funding. The agreement underpinning funding through the bus emergency scheme will deliver a lasting partnership between operators and public bodies giving more control in return for our funding to enable a reshaping of Wales' bus network, supporting the management and interaction across transport modes including smart ticketing, a reference network that meets wider objectives, and coordinated timetabling across modes.

Rail patronage has been severely impacted and in the October we announce the current rail Franchise of the Wales and Borders Network would transition through managed agreement to public control. From February 2021, the delivery of day to day rail services will be the responsibility of a new publicly-owned subsidiary of Transport for Wales, allowing government to have an even greater role in the delivery of rail services in Wales and the borders.

Connectivity has been vital to enable people to work at home and stay connected and less isolated. The impact of Covid-19 was mitigated by the designation of telecommunications delivery as an 'essential service' by the UK Government which meant roll out of broadband programmes has continued. Slippage in projects has been minimal which has meant low impact on budgets both in the short and long term. Delay in the start of the Local Broadband Fund which relies upon local government and community applications may impact on the funding requirements for projects in the long term.

For the recovery Welsh Government's role in ensuring an adequate provision of investment ready sites and premises to support growing businesses in Wales addresses the property challenges that stand in the way of delivering government policy under Prosperity for all: the economic action plan, and a more prosperous and fairer Wales. Overall, the central rationale for intervention in the market remains strong, and is likely to be reinforced by the current crisis, especially in conditions of widespread uncertainty. However, as the economy moves towards recovery, there will need to be a greater role for the public sector than might have been envisaged. The provision of appropriate commercial property will form an important part of the mix. Over the longer term, 'reshoring' could impact positively on demand. This could include a desire by manufacturers to build in resilience across the supply chain by

ensuring a wider distribution of productive capacity, which could benefit Wales given its existing manufacturing strengths.

The pandemic has had a major impact on delivery timelines and cost profiles for Welsh Government funded local transport schemes due to the initial lockdown and the required changes in working practices. The allocation of additional in-year funding to enable local authorities to introduce measures to enable safe walking and cycling in response to the pandemic necessarily diverted some capacity leading to a degree of reprioritisation and postponement or schemes originally planned for 2020-21, leading to an increased project pipeline for 2021-22.

3.0 Summary of Budget Changes

The 2021-22 Draft Budget provides a one year spending plan for both resource and capital. The tables below provide an overview of the changes in planned resource and capital expenditure compared to the prior year for E&T activities. The budget is compared to 2020-21 budgets as requested. To note that the capital baseline reflects the requirements for the portfolio for programmes and projects in delivery with some adjustments. These adjustments have been necessary to reflect the one off nature of some funding which was allocated across a number of portfolios to tackle the impact of the Covid 19 pandemic.

The changes in 2020-21 are provided as the 2020-21 supplementary budgets outlined emergency Covid responses. The First Supplementary Budget focussed on repurposing existing budgets to respond immediately to the pandemic. The portfolio contribution of £50m was made across programmes. In the Second Supplementary Budget further measures were set out and allocations primarily supported public transport and businesses, including bus support of £113m and rail £95m.

The total resource budget for 2021-22 is £580.468m (excluding Non-Fiscal and Annually Managed Expenditure (AME)). The fiscal resource budget has increased by £35.971m when compared to the revised baseline. The total resource budget has increased by £36.007m, including an addition of £0.036m to the non-fiscal budget of 192.436m. The AME budget has increased by £97.990m to £127.515m, providing cover for charges that are outside the control of the portfolio, such as impairments on the property portfolio, joint ventures, the roads network and other infrastructure. An overview is provided in table 1 as follows:

TABLE 1: Overview of the Resource Budget				
	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Fiscal Resource				
Economy	43,120	56,091	12,971	30%
Transport	327,836	346,436	18,600	6%
Skills	173,541	177,941	4,400	3%
Sub Total	**544,497**	**580,468**	**35,971**	**7%**
Non Fiscal Resource				
Economy	2,309	2,309	0	0%
Transport	188,691	188,691	0	0%
Skills	1,400	1,436	36	3%
Sub Total	**192,400**	**192,436**	**36**	**0%**
TOTAL	**736,897**	**772,904**	**36,007**	**5%**
AME				
TOTAL AME	**29,525**	**127,515**	**97,990**	**332%**

In the draft Budget there some targeted investments in line with the immediate Welsh Government priorities, including public transport and communities for work. Further financial decisions for businesses, or skills support and transport will assessed as we better understand the impact of the winter months on the spread of the disease.

For 2021-22 the total capital budget is £790.929m, as summarised in Table 2 below:

BEL	2020-21 Final Budget £'000	2021-22 Baseline Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Baseline Change %
Traditional Capital					
Economy	107,514	86,336	95,336	9,000	10%
Transport	597,952	397,650	681,827	284,177	71%
Sub Total	**705,466**	**483,986**	**777,163**	**293,177**	**61%**
Financial Transactions (FT)					
Economy	72,960	0	612	612	100%
Transport	12,300	0	13,154	13,154	100%
Sub Total	**85,260**	**0**	**13,766**	**13,766**	**100%**
Total Traditional Capital and (FT)					
Economy	180,474	86,336	95,948	9,612	11%
Transport	610,252	397,650	694,981	297,331	75%
TOTAL	**790,726**	**483,986**	**790,929**	**306,943**	**63%**

3.1 Resource

The increase in the resource budget of £36.007m, including £0.036m for non-fiscal resource, is set out in Table 3 below:

TABLE 3: Resource Budget Movements				
Project	**Economy £'000**	**Transport £'000**	**Skills £'000**	**Total £'000**
Additional Allocations				
Economic Action Plan	3,000			**3,000**
Export Plan	1,600			**1,600**
Foundational Economy	3,000			**3,000**
Public Sector Broadband Aggregation	2,796			**2,796**
Bus Support		18,600		**18,600**
Communities for Work Plus			6,000	**6,000**
Centre for Digital Public Services	4,900			**4,900**
Total	**15,296**	**18,600**	**6,000**	**39,896**
Other Movements				
Non-recurrent EU transition funding	(2,325)		(1,600)	**(3,925)**
Total	**(2,325)**	**0**	**(1,600)**	**(3,925)**
Total Fiscal Resource	**12,971**	**18,600**	**4,400**	**35,971**
Non Fiscal Resource				
Communities for Work Depreciation			36	**36**
Total	**0**	**0**	**36**	**36**
Total Resource	**12,971**	**18,600**	**4,436**	**36,007**

3.2 Capital

The capital budget is the final year of the previous Welsh Government capital settlement. This resulted in a restatement of recurrent capital expenditure in the MEG and new specific allocations for one year only. The small net increase in capital budgets of £0.203m is set out in Table 4 as follows:

TABLE 4 : CAPITAL BUDGETS			
Project	**Economy £'000**	**Transport £'000**	**Total £'000**
Traditional Capital			
Rail & Metro		249,680	**249,680**
Active Travel Fund		20,000	**20,000**
Strategic Road Network Backlog		15,000	**15,000**
Valleys Taskforce	9,000		**9,000**
I2S Repayment Trunk Roads LED Lighting		(503)	**(503)**
Sub total	**9,000**	**284,177**	**293,177**
Budget Baseline Adjustments	(21,178)	(200,302)	**(221,480)**
Net Movements Traditional Capital	**(12,178)**	**83,875**	**71,697**
Financial Transactions Capital			
Cardiff International Airport Limited		3,154	**3,154**
SME Repayable Fund	5,000		**5,000**
Electric Vehicle Transformation		10,000	**10,000**
FT Capital Repayments	(4,388)		**(4,388)**
Sub total	**612**	**13,154**	**13,766**
Budget Baseline Adjustments	(72,960)	(12,300)	**(85,260)**
Net Movements FT Capital	**(72,348)**	**854**	**(71,494)**
Net Movements Total Capital	**(84,526)**	**84,729**	**203**

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.

4.0 Equality, Sustainability, Welsh Language and Demographic Considerations

In formulating our plans, the following key demographics trends from the most recent report, produced by the Office for National Statistics (ONS), on national population projections (2018-based) have been considered which suggest that:

- The population of Wales is projected to increase by 2.7% from 2018 to 3.22 million by 2028, and by 3.7% to 3.26 million by 2043. The number of children aged under 16 is projected to decrease by 4.7% to 536,300 between 2018 and 2028.
- The number of people aged 16-64 is projected to increase by 0.2% to 1,927,700 between 2018 and 2028.
- The number of people aged 65 and over is projected to increase by 16.3% to 758,600 between 2018 and 2028.
- The number of people aged 75 and over is projected to increase by 29.3% to 378,100 between 2018 and 2028.

According to the latest Relative Income Poverty statistics for the 3 year period up to March 2019.

- 23% of all people in Wales were living in relative income poverty between 2016-17 and 2018-19. This figure has remained relatively stable (between 22 and 24%) for the past 16 time periods. At 23%, the figure is slightly lower than last year's.
- Children were the age group most likely to be in relative income poverty between 2016-17 and 2018-19 (at 28%) and this has been true for some time. This is only the fourth time this figure has been below 30% since the period ending 2005-06.
- 22% of working-age adults were in relative income poverty between 2016-17 and 2018-19. This is down from the 23% 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 2016-17 and 2018-19. At 19%, the figure is the same as that 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.

Integrated impact assessments now form the basis all the investment decisions taken within the Economic Infrastructure Directorate. Transport decisions continue to be underpinned by the published National Transport Finance Plan Impact Assessments in 2015. However, these are now being updated through the following which are in draft:

- Wales Transport Strategy – Integrated Impact Assessment
- Bus Reform Integrated Impact Assessment
- Rail Reform Integrated Impact Assessment
- Aviation – Strategic Integrated Impact Assessment

The budget continues to allow significant support for access to employment, health services, education and leisure through public transport modes. This especially affects those without access to a private car typically reflecting those from poorer parts of Wales and/or from groups with protected characteristics. In particular this budget continues to provide for free bus travel for those aged over 60 or disabled people, whilst also promoting healthy living through active travel where appropriate.

In addition there are impact assessments in other areas of economic infrastructure including

- Digital Infrastructure – Strategic Integrated Impact Assessment (in draft)
- The extension of the PSBA Contract and budget has allowed for the improvements to the PSBA network, including systems used by health

workers to record information about patients in the home setting which can then be accessed by health and social care staff, supporting the vulnerable and older people who are unable to leave their homes.

- Property Infrastructure
- Property Management – Integrated Impact Assessment (in draft)
- Property Delivery Plan – Strategic Integrated Impact Assessment (in draft)

Delivery of new sites and premises is undertaken in line with Welsh Government's sustainable Buildings Policy and best practice principles of sustainable development, as outlined in Creating Sustainable Places Together. Impact Assessments are prepared for both property delivery and management functions and will inform decision making. The Property Delivery Plan sets targets for delivery on a regional basis to ensure a spread of economic opportunities across Wales.

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. Our approach to Economic Reconstruction builds on the strong foundations and principles of the EAP, the vision is to create a Wales in which enhancing well-being is our driving purpose.

5.0 ECONOMY – FUNDING OF ACTIONS

Compared to the 2021-22 final budget, there is an increase in the resource allocation of £12.971m to £58.1m. The total capital allocation for 2021-22 is £95.948m, which is a reduction of £84.526m compared with the 2020-21 final budget.

Economy	**2020-21 Final Budget £'000**	**2021-22 New Plans Draft Budget £'000**	**Change £'000**	**Change %**
Revenue	43,120	56,091	12,971	30%
Non Cash	2,309	2,309	0	0
Total Resource	**45,429**	**58,400**	**12,971**	29%

BEL	2020-21 Final Budget £'000	2021-22 Baseline Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Baseline Change %
Traditional Capital	107,514	86,336	95,336	9,000	10%
FT Funding	72,960	0	612	612	100%
TOTAL	**180,474**	**86,336**	**95,948**	**9,612**	**11%**

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

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Business & Regional Economic Development	6,798	6,648	(150)	(2%)
Entrepreneurship	5,639	5,639	0	0%
Social Enterprise and Economy	730	730	0	0%
Business Wales	5,577	10,747	5,170	93%
Tech Valleys	2,250	2,250	0	0%
Valleys Task Force	100	100	0	0%
Centre for Digital Public Services	0	4,900	4,900	100%
Export, Trade and Inward Investment	4,437	4,692	255	6%
Total Revenue	**25,531**	**35,706**	**10,175**	**40%**

BEL	2020-21 Final Budget £'000	2021-22 Baseline Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Baseline Change %
Traditional Capital					
Business & Regional Economic Development	41,678	40,000	40,000	0	0%
Tech Valleys	7,750	7,750	7,750	0	0%
Valleys Task Force	19,500	0	9,000	9,000	100%
Sub Total	**68,928**	**47,750**	**56,750**	**9,000**	**19%**
FT					
Business & Regional Economic Development	2,560	0	612	612	100%
Sub Total	**2,560**	**0**	**612**	**612**	100%
TOTAL	**71,488**	**47,750**	**57,362**	**9,612**	**20%**

Overall the change of £10.175m reflects additional allocations for the new export plan £1.6m, the centre for digital £4.9m and foundational / town centre initiatives £6m off set by non-recurrent EU transition funding for the Brexit Resilience Fund of £2.325m.

The Business and Regional Development revenue budget of £6.648m budget supports partnerships, engagement and initiatives to progress the ambitions in EAP and employability for inclusive growth and building the economy for long term sustainability. The change in budget of £0.150m is for non-recurrent EU transition funding. In 2021-22 the Economy Futures Fund of £40.612m is available to support businesses. This includes an additional FT capital allocation of £5m for the SME Repayable Fund offset by FT capital repayments of £4.388m (net £0.612m).

The Entrepreneurship, Business Wales and Social Enterprise budgets totalling £17.116m supports youth entrepreneurship, start-ups, micro-businesses, SMEs, disability champions, social enterprise and responsible business practices. The services support those with hidden barriers and targeted support will continue to be delivered to support such as female and youth entrepreneurs and BAME groups.

In 2021-22 additional funding of £3m has been prioritised for recovery in the foundational economy enabling jobs at the heart of local communities across sectors such as care and health services; food; housing; energy; tourism; construction and retail. A further £3m will target town centre initiatives aligning the Transforming Towns policy direction to create employment opportunities and safeguard jobs at strategic towns across Wales. The additional allocation of £6m for Business Wales is offset by non- recurrent of £0.830m for the EU Brexit Resilience Fund. Further detail is included in sections 6.4 and 6.5.

The export, trade and investment budget of £4.692m enables the *Priorities for Reconstruction* to protect and build the resilience of the Welsh economy in the face of COVID-19 and the end of EU transition. Additional funding of £1.6m to deliver the new Export Plan is offset by £1.345m non-recurrent for the Brexit Resilience Fund (net £0.255).

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 revenue funding of £2.250m delivers the Tech Valleys revenue programme. Further detail is included at 6.12. The capital budget is available to support infrastructure development such as Lime Avenue Employment Park

Our Valleys Our Future was supported with £32m capital funding for financial years 2019-20 and 2020-21, including £7m for the Valleys Regional Parks. This initiative is extended to 2021-22 with an allocation of £9m as a result of slippage in activity associated with Covid-19 in 2020-21. The reallocation of delayed spend in 2021-22 will aid the completion of the programme. Further detail is included at 6.13.

The additional allocation of £4.9m for the Centre for Digital Public Services Wales will enable people to work or study from home providing a more level playing field for all employees. The Centre is key in delivering the Digital Strategy for Wales to meet training needs, good practice sharing and expert help for service transformation.

5.2 Development Bank of Wales Action

BEL	2020-21 Final Budget £'000	2021-22 Baseline Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Baseline Change %
FT					
Business Finance Funds	47,000	0	0	0	0%
TOTAL	**47,000**	**0**	**0**	**0**	**0%**

The Development Bank of Wales (DBW) 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. Long term future planning for funding to DBW is currently being undertaken, including its key role in Welsh Government responses to the current pandemic. Funding for designated funds in 2020-21 is non-recurrent.

Further information on the Development Bank is included in section 6.6.

5.3 Economic Infrastructure Development Action

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Revenue				
Public Sector Broadband Aggregation	8,704	11,500	2,796	0%
Strategic Infrastructure Development	990	990	0	0%
ICT Infrastructure Operations	1,527	1,527	0	0%
Property Infrastructure	4,026	4,026	0	0%
Sub Total	**15,247**	**18,043**	**2,796**	**0%**
Non Cash				
ICT Infrastructure Operations - Non Cash	2,309	2,309	0	0%
Sub Total	**2,309**	**2,309**	**0**	**0%**
Total Revenue	**17,556**	**20,352**	**2,796**	**0%**

BEL	2020-21 Final Budget £'000	2021-22 Baseline Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Baseline Change %
Traditional Capital					
ICT Infrastructure Operations	26,000	26,000	26,000	0	0%
Strategic Infrastructure Development	4,200	4,200	4,200	0	0%
Property Infrastructure	8,386	8,386	8,386	0	0%
Sub Total	**38,586**	**38,586**	**38,586**	**0**	**0%**
FT					
Property Infrastructure	23,400	0	0	0	0%
Sub Total	**23,400**	**0**	**0**	**0**	**0%**
TOTAL	**61,986**	**38,586**	**38,586**	**0**	**0%**

The ICT Infrastructure budget supports the ambitions in the Economic Action Plan for a modern and connected infrastructure by providing funding to improve access to fast and reliable broadband to properties in Wales that are not currently enabled. The main areas of funding supporting this are:

- **Next Generation Access Broadband Wales** – a project to connect 39,000 premises to enable access a future proofed fibre to the premises solution enabling gigabit broadband speeds to be achieved
- **Local Broadband Fund** – a grant scheme aimed at local authorities and social enterprises to help local communities get access to fast broadband.
- **Access Broadband Cymru** – a 'last resort' grant scheme helping properties get connected with is technology agnostic
- **Local Full Fibre Network Project on Trunk Roads** - upgrade and extension scheme to fibre optic communications backbone network on trunk roads in South Wales.

The Public Sector Broadband Aggregation budget of £11.5m provides funding for a shared services digital platform delivery network that provides connectivity and digital services to the public sector in Wales. The network serves over 120 public sector organisations with approximately 5,000 connections. The additional allocation of £2.796m supports this collaboration.

The strategic development infrastructure funding of £0.990m enables commercially-focussed, innovative mechanisms which facilitate access to finance from the private sector and other partners to deliver priority investment across the portfolio for economic and transport Infrastructure. Projects include the promotion of an Integrated Travel Hub in Cardiff, upgrading Wrexham General Station the future of bus service provision in the Cardiff City Region.

The Property Infrastructure net budget £4.026m supports a balanced portfolio of modern sites and buildings that meet sustainability requirements for our future generations and are capable of meeting companies' timescales for occupation. The EAP reinforces the importance of ensuring adequate supply of employment sites and premises to secure competitive advantage in attracting businesses to Wales. The Plan

aims to deliver 900,000 sq ft of modern business premises over a rolling three year programme, reflecting regional priorities across Wales. In 2020-21 there was a non-recurrent allocation of £23.4m for the property portfolio of £5m and Tirion Homes of £18.4m to enable delivery of three residential schemes at Ely Mill, Cardiff; Whiteheads, Newport and Parc Eirin, Tonyrefail.

5.4 Corporate Programmes Action

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Strategic Policy Development	450	450	0	0%
Healthy Working Wales	831	831	0	0%
Corporate Programmes & Services	861	861	0	0%
Strategic Business Events and Communications	200	200	0	0%
Total Revenue	**2,342**	**2,342**	**0**	**0%**

The Healthy Working Wales budget of £0.831m 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 (inc Brexit and Pandemic Considerations)

COVID-19 has impacted the economy and labour market at an unprecedented scale, has brought significant disruption, leading to sharp falls in the number of people employed, the number of hours they work and the number of job vacancies on offer. On top of this the EU transition period will end on 31 December 2020. From 1 January 2021, the UK will have left the EU Single Market and we will no longer have access to the frictionless trade in goods or services with EU member states. The impacts are very significant for manufacturing businesses and workers which are a larger part of Wales' economy than elsewhere in the UK. There will be border checks and new administrative requirements – as well as different patterns of immigration and changes to funding mechanisms over time which have benefited business and the wider economy.

Both Covid and EU Exit threaten to reverse the progress we have made in reducing unemployment and economic inactivity in Wales over the last decade, with the

greatest impact on those individuals who experience socio-economic disadvantage, for example disabled people.

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.

The pathway to Welsh economic recovery builds on the foundations of EAP. This shaped an economic development programme which invests in people and businesses and drives prosperity and reducing inequality across all Wales. We have made early progress in raising the profile and challenges in the Foundational Economy prioritising funding of £3m, but recognise there is more to be done to spread and scale the approach. Other key initiatives are vital in support of the agenda for the economy, including *A Low Carbon Wales, Cymraeg 2050*, the Employability Plan and our Fair Work agenda run through all interventions. The Well-being of Future Generations Act and its wider framework continue to provide a uniquely Welsh way of tackling the long-term challenges that our people and our planet face. It is guiding our approach to reconstruction ensuring a values based recovery. The *Framework for Regional Investment*, based on lessons acquired over 20 years of EU cohesion policy, sets out pathways through which we may optimally use replacement funding from the UK Government regionally.

Our intention is to create a Wales in which enhancing wellness and well-being are our driving purpose, delivering a prosperous, green and equal economic recovery that recognises the utmost importance of investing in people and places.

Valuing deeply the well-being of all Welsh citizens has framed our response to the pandemic and it will be the fundamental principle which frames our economic recovery and reconstruction effort. Specific support to help businesses through, and to recover from, the pandemic has included:

- Our £ multi-million Wales-only Economic Resilience Fund has always been aimed at finding the gaps in the schemes that the UK Government has put in place and then to try to fill them here in Wales.

- Following the principles of providing enhanced support, an additional £140m business support announced to help them deal with the economic challenges of Covid-19 and the UK's impending exit from the EU transition period. Funding was further expanded to support businesses through the recent firebreak period and pre-Christmas restrictions.

- The principles of the Economic Contract sit at the heart of our Economic Resilience Fund, and our resolute commitment to driving investment with a social purpose has seen an increase in commitment from businesses to the

principles of the Contract –with over 4,000 now committing to the principles, up from 385 pre Covid-19.

- In particular we want to have a focus on helping businesses, particularly those in the low carbon economy, to safeguard and create good quality jobs, rooted in local communities. We will work in social partnership with trade unions and employers to put a stronger emphasis on our economic contract – a 'something for something' approach which puts social justice at its heart.

- It is recognised that this is a difficult time for businesses and the high demand for the Business Development Grants totalling £100m made available as part of the third phase of our Economic Resilience Fund only serves to reinforce this. While it has been necessary to close the application process for these grants due to the high volume of applications received, the Minister for Finance and Trefnydd has set aside funding for a fourth phase of the Economic Resilience Fund to support business and employees. We are currently developing a mechanism for businesses to express an interest in that fund in the coming weeks and we will keep everyone updated through the Business Wales site.

6.2 Regional Economic Development

Three regional teams were created in 2019 and in collaboration with regional stakeholders, they are developing the Regional Economic Frameworks (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 be 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.

Mid & South West Region

Strong partnerships with local authorities, business leaders, the third sector, academia and other public bodies have facilitated 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 for greater collaboration and to align activity for economic growth to build resilient business communities. 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.

South East Region

The Regional team is jointly producing a framework document with the Cardiff Capital Region whilst being mindful of the implications of Corporate Joint Committees on economic delivery and the lack of clarity around the UK Shared Prosperity fund. This document will outline delivery of our shared ambitions for South East Wales. In addition, agreement secured with the North Wales Economic Ambition Board and regional partners for the co-design and co-develop of a place-Based, joint regional economic recovery plan and subsequent regional economic framework.

North Wales

In response to Covid-19 pandemic the co-design of a Regional Economic Framework focuses on four stimulus packages spanning the short to long term:

- **Rapid Response** - collaborative activity between LAs and WG (including a task force approach) to ensure appropriate and joined up support for businesses, including skills and employment.
- **North Wales Growth Deal**– led by the North Wales Economic Ambition Board (EAB), work is progressing to timescale, with a realistic prospect of agreeing the full deal agreement by the end of 2020.
- **Regional Recovery Planning** – the focus of the regional economy recovery group is to define, based on local and regional evidence of the impacts of COVID-19, priorities to inform national support packages in tandem with specific regional needs.
- **Regional Economic Framework** – jointly refreshing the existing North Wales Growth Vision, co-design and co-develop a REF.

6.3 Economy Futures Fund & Other Business Support

The Economy Futures Fund (EFF) consolidated the following funds:

- 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 Mental Health, Wellbeing and the Welsh Language MEG. Funding such as Property Development Grants are under consideration for consolidation in the future.

Since its launch in 2018 and up until the end of November 2020, 326 proposals totalling £76.7m have been accepted under the EFF.

Within the portfolio there are complementary programmes such as the Flexible Skills Programme which is tailored to support businesses across Wales and is designed to underpin both business and economic development. It supports business development projects and inward investment projects for high level employment opportunities and developmental career paths for employees in areas such as Advanced Engineering and Manufacturing Skills and the Compound Semi-conductor Cluster.

6.4 Foundational Economy Plans

During the period of the pandemic, the Foundational Economy demonstrated the pivotal role it has in supporting local resilience to external impacts. As a priority for the recovery, it provides the jobs at the heart of local communities across sectors such as care and health services; food; housing; energy; tourism; construction and retailers on the high street accounting for four jobs in every ten and £1 in every £3 spent.

In 2021- 22 additional funding of £3m will be used fund projects that will deliver rapid results across our priorities for the Foundational Economy including health, social care, construction and procurement. For instance, scaling projects that will tackle recruitment and retention issues within social care, enabling the social care workforce to enjoy better employment conditions and better pay; developing a community care collaborative GP service management model which has delivered clear improvements in patient experience and wellbeing, and has significantly reduced urgent referrals; community hub projects to help revitalise the high street and projects that have helped to maximise the social value of procurement with the aim of increasing the number of grounded firms, rooted in local communities.

This funding will complement a further £3m to regenerate town centres to create and safeguard jobs. Digital developments, packages of support and assessment of town centre spaces will be integral to the policy development.

6.5 The Foundational Economy Challenge Fund

The 52 Challenge Fund projects announced in November 2019 with a launch event the following month to bring all of the projects together, before initiation of their delivery plans.

COVID has impacted delivery of a significant number of the projects and many have had to adapt their approach to undertake activity via digital platforms. The Community of Practice was also delayed and was established in July. In advance of this, officials supported collaboration and sharing of experience by bringing together similar themed projects in areas such as procurement, social care, retail and skills development.

Despite the adverse impact created by COVID, positive outcomes are now being delivered, including for example:

- A social enterprise has been established in Rhondda Cynon Taf to provide tendering capacity for micro and small businesses who wish to bid for social care work – 60 local businesses are benefitting from this service;

- An open, digital platform has engaged 1,600 SMEs, leading to almost 1,800 ideas for tackling Foundational Economy challenges to SMEs. In addition, Life Sciences Hub Wales has confirmed that over £6.5m of products have been procured by the NHS from suppliers engaged on this platform. This is delivering approximately £34m of GVA to Wales;

- A social enterprise providing document scanning services has secured a number of new public contracts. This has developed their turnover to a level which is greater than at this time last year; and

- 75 young people have been supported to gain work experience as part of a shared, construction apprenticeship programme and the scope of this work has been extended so that over 120 young people will have benefitted from the project when it completes.

Our focus for the remainder of 2020-21 will be to share good practice emerging from the projects to enable replication across Wales.

6.6 The Development Bank of Wales (DBW)

The Development Bank of Wales (DBW) is a cornerstone organisation for investment and business support. Given its increased scale and breadth of expertise, with over £500 million under management to support Welsh enterprises, it is well placed to meet the challenges and opportunities that the economy faces, and make Wales more prosperous and secure. During 2020-21, the DBW has played a key role in responding to the Covid-19 crisis, operating the Covid-19 Wales Business Loan Scheme which has assisted over 1,300 businesses Wales and deployed £92 million. This will continue as part of the Covid-19 Restructure and Recovery Plan for 2021-22. It is continuously reviewing market conditions and the Welsh Government will continue to work with it to explore products and support, which will deliver maximum benefits to businesses in Wales against a context of wider UK Government Covid-19 support.

In 2019-20, the DBW achieved the following:

- made a record 457 investments totalling £103.3 million
- leveraged in £76m additional investment from banks and other private-sector funders
- £179m growth capital injected into the Welsh economy
- 3,964 jobs created or safeguarded in Wales
- a balanced spread of investment across Wales with £38.7m invested in South Wales, £34.3m in mid and West Wales and £30.4m in North Wales.

Since inception in 2001 through to the end of 2019-20 (figures as of 31 March 2020), Finance Wales / DBW has achieved:

- £0.7bn direct investment into Welsh businesses
- £0.9bn private sector leverage
- £1.6bn invested in total into the Welsh economy
- 56,629 jobs safeguarded or created

Also in 2020-21, Welsh Ministers have enhanced the Wales Flexible Investment Fund to support businesses overcome any liquidity difficulties arising from the end of the EU Transition Period from 1 January 2021, by agreeing to :-

- Increase the size of the Fund to £167m.
- Implement new flexibilities offered to businesses, including increasing maximum loan amounts from £5 million up to £10 million; and extending loan terms from 10 up to 15 years.
- This more patient capital will assist cash flow to some businesses who need to restructure their debt and reduce ongoing debt servicing costs.

More information is available at the DBW website.

6.7 The Community Bank/support for Banc Cambria

The Community Bank policy is currently in development. The policy objectives are to:

- establish a Community Bank of Wales to be owned by its members, on a one-member one-vote basis.
- offer current accounts to all local residents, regardless of income or wealth, tackling the poverty premium.
- locate the Bank headquarters, as well as its branches, in Wales. It will become an anchor Welsh institution, here today, and here for the long term.
- offer face-to-face banking to local customers and small businesses. Loan decisions will be made by skilled and experienced staff, not a computer-driven form
- be a living wage employer, with a fixed maximum ratio between the highest and lowest paid workers.
- operate before the end of this Assembly term, spreading to the whole of Wales after the next Assembly election.

Since 2019-20 Cambria Cydfuddiannol Limited (CCL) has been awarded two seed funding grants totalling £0.165m. The updated proposal is expected shortly.

6.8 Enterprise Zones, Local Growth Zones and Business Improvement Districts

The eight Enterprise Zones located across Wales are catalysts for regional development and strengthen the competitiveness of the Welsh economy. Each zone is responsive to local economies and focusses on longer term opportunities associated with creating sustainable job opportunities.

Revenue funding of £0.77m is provided in 2021-22 for the Enterprise Zones programme. This includes funding to support the activities outlined in the strategic plans produced for each of the Enterprise Zones, including feasibility studies and business case development, as well as small revenue project funding to deliver a range of projects associated with each Zone. There is no designated capital allocation to the programme itself, as any initiatives are embedded in delivery utilising Business Development and Strategic Infrastructure Development budgets.

An update of progress against key projects across the Enterprise Zones is published and a further report is being compiled at present.

6.9 Export and Inward Investment Support

The *International Strategy* and the *EAP* reinforces the commitments to grow the Welsh economy by increasing exports an attracting inward investment. In recent years, positive export performance has made a significant contribution to the economy, with the value of Welsh goods exports worth £17.8bn in 2019; whilst in 2018, exports of goods were equivalent to 23% of Wales' GDP. Similarly, success in attracting foreign direct investment in the last five years resulted in 352 projects, creating and safeguarding over 30,000 jobs as a result of overseas investment in Wales. During this time, at least £3.7bn has been invested in Wales by foreign owned companies, of which there are now around 1,345 foreign owned companies based in Wales, employing more than 169,000 people. Despite this, the impact on the global economy due to COVID-19 alongside uncertainties on future trading relationship with the EU has significantly impacted both exports and inward investment.

The latest provisional HMRC figures for the Year to Q3, 2020 show that the value of Welsh goods exports fell 19.7%, compared to the previous year. Whilst all UK

nations experienced a fall in goods trade, Welsh exports saw the largest fall in exports of any UK region. This crisis, together with the ongoing preparation of businesses for future trading with the European Union (our largest export market) following the end of the transition period, provides a 'perfect storm' for exporters in Wales. Exports, however, are key to economic growth and recovery given we know that they boost economic growth by contributing directly to GDP; businesses which report goods exports are around 20% more productive than businesses which do not trade internationally; and, improvements in productivity support sustainable economic growth within business and the wider economy. Exports are also vital for a resilient economy, helping to offset domestic market downturn. An additional £1.6m has been allocated to support the delivery of the new Export Action Plan, published on 15 December (at: Export Plan) .

For inward investment, global organisations (including UNCTAD and OECD) are predicting a highly significant impact on global investment flows with drops of between 40% and 50% expected in year, with impact likely on subsequent years as well. This is already at a time when investment into the UK has fallen since the 2016 decision to leave the EU. Continuing to attract investments will contribute significantly to the economy given knowledge transfer, leading innovation, skills development and supply chain benefit leading to greater levels of resilience as we enter a recovery period. Our approach to promoting Wales as a destination for inward investment has refocused towards opportunity-led investment and on those segments of the economy where Wales can demonstrate international class capabilities including compound semiconductors, fintech, cyber security, marine energy and specific aspects of life science such as regenerative medicine, neuroscience and medtech. As part of this, an extensive engagement programme is being delivered with our own overseas offices, wider networks (including Department for International Trade (DIT)), critical industry clusters and stakeholders to educate and raise the profile of investment opportunities in Wales.

6.10 Support for key industry clusters such as aerospace, automotive, steel and emerging technologies

Applications are considered under the terms and conditions of EFF and evaluated on a VFM basis. There is no industry specific funding. An update is provided in the context and contribution to the pandemic.

Aerospace

Due to COVID-19, there has been a 66% drop in Revenue Passenger Kilometres due to health concerns and government restrictions. The knock on effect has caused severe disruptions through the value chain, impacting on airlines, manufacturers and their supply chains, and aftermarket. It has also had huge consequences on the tourism industry. Forecasts suggest it will take as long as 2025 to return to pre–COVID levels of production.

Automotive

At Q3 2020, UK car production dropped -35.9% behind 2019 levels, with 632,824 vehicles built. The latest independent outlook forecasts the UK to make fewer than 885,000 cars this year – the first time volumes will have dipped below one million since 2009.

Automotive in Wales has unfortunately been disproportionately (compared with other UK regions) affected by the challenges within the sector since 2018 – cooling off in global demand, Brexit shutdowns, diesel-gate, consumer confidence in terms of switching from conventional powertrains to low carbon emission propulsion as well as COVID. The Welsh Automotive Forum estimate that, a minimum of 4,110 well paid and highly skilled workers have been / will be lost from this strategically important manufacturing sub-sector. It is a key partner working with the UK Government and UK industry representative bodies to support the sector, particularly harnessing the opportunities of electrification.

Steel

The steel sector is still experiencing a drop in activity as a result of the pandemic, as a consequence of automotive decline. Construction has remained relatively strong despite a reduction in construction across Europe. We are embedding the UK Steel Charter to maximise benefits. The Welsh Government was the first signatory to the UK Steel Charter, which complements our earlier Procurement Advice Note by encouraging projects in Wales to source and benefit from high quality British steel wherever possible. In addition to compliance with Public Contract Regulations, we have implemented an additional mandatory legal position in our tender pre-qualification questionnaire that 'No Dumped Steel' is used on any contract awarded by public sector bodies in Wales.

Decarbonisation is a key challenge. WG is working with the UK Government through the Industrial Energy Transformation Fund, the South Wales Industrial cluster and the North Wales Economic Ambition Board to consider regional industrial decarbonisation approaches.

Construction

In 2018, the construction sector in Wales accounts for 7% of workforce jobs in Wales and responsible for 6% of GVA. It employs over 100,000 people across Wales, with most of these in SMEs or micro-businesses. It is also a major provider of apprenticeships.
An ongoing Ministerial Construction Forum was established in the spring of 2020 and has provided a platform for industry stakeholders and Welsh Government to address, support and deliver a post Covid Recovery Plan for the sector. The Forum will bring both sectors together to improve performance under the leadership of a Welsh Government minister. The Forum does not replace or replicate the work of any existing groups, programmes or Ministerial meetings.

PPE Localisation (Supply Chain Resilience)

As a consequence of Covid and the resulting positive support offered by Industry, it is recognised that the supply chain, particularly in the NHS, is vulnerable. The Critical Equipment Requirement Engineering group, led by Industry Wales have been instrumental in co-ordinating activity to secure local supply of a number of critical PPE items.

Emerging Technologies

Within the “Tech” space Wales needs to keep pace with developments across the UK and Europe there are several examples of projects being developed to support this aspiration, for example Cybersecurity Cardiff University are leading a consortium to develop a Cyber Innovation Hub. Project proposals falling within the ‘digital’ and ‘emerging technology’ themes are now offered for endorsement and support to the recently formed Digital Economy Board.

Industry Wales

Industry Wales (IW) acted as a key partner in the pandemic by identifying alternative, local, sources for NHS required items which were in short supply, such as PPE, ventilators and oximeters. We worked closely with the health boards, industry, academia, medical teams, life science hub, suppliers and health regulatory bodies to develop alternative options for the re-shoring of PPE manufacture and the development of Continuous Positive Air Pressure ventilator units. In parallel with this the forums worked closely with their respective industries to understand the impact of the pandemic on their sector, support their needs and provide WG with timely marketplace intelligence and with the development of the Manufacturing Action Plan.

Prof. Keith Ridgway was appointed as the interim Chair of Industry Wales in September 2020.

6.11 Welcome to Wales – Priorities for the Visitor Economy 2020-2025

The strategy aims to ‘grow tourism for the good of Wales’ through an ambition to deliver economic growth and benefits to people and places including environmental sustainability, social and cultural enrichment and health benefits. The tourism and hospitality sector is key to the foundational economy, representing 6% of GVA: this has grown strongly in recent years. The sector employs more than 130,000 people, contributing to 10% or more employment in many local authority areas. The sector is exceptionally hard-hit by the Covid-19 pandemic but has the potential to recover in new, more sustainable ways in future.

The budget decisions for tourism are a matter for the Deputy Minister for Culture, Sport and Tourism.

6.12 City and Growth Deals

The UK Government financing for each Deal is being managed within the Local Government and Public Services MEG and is the responsibility of the Minister for Housing and Local Government.

Growth Deals in the Development Stage

Cardiff Capital Region

The Cardiff City Deal funding is £1.2bn over 20 years. Of this, funding is ring-fenced for contribution to the delivery of the £734m South East Wales Metro project, and will be managed by Welsh Government. This includes Welsh Government (£500m), UK Government (£100m) and European funding (£134m), related to the

electrification of the Valley Lines and Welsh Government funding for the wider delivery of Metro Phase 2.

The balance of funding for the Cardiff City Region of £495m is made up of £375m Treasury funding and £120m local authority contribution. This provides the finance for an Investment Fund under the control of the region to support interventions across five themes (transport infrastructure, innovation and digital infrastructure, skills, business support and housing & regeneration).

The £375m of funding to be provided by HM Treasury over 20 years is profiled;

- 2016-17 to 2020-21 £10m revenue funding per year
- 2021-22 to 2030-31 £22m capital funding per year
- 2031-32 to 2035-36 £21m capital funding per year

Cardiff City Deal has recently reported £144m of investment has been committed to date, with a further £144m investment at an advanced stage of the appraisal process. The Deal is currently subject to the first five year gateway review, and is a point at which Government funding could be withdrawn. The outcome of the review will be known by March

Swansea Bay City Region City Deal

Over the next 15 years the £1.2bn Swansea Bay Region City Deal aims to boost the local economy by £1.8bn and generate almost 10,000 new jobs. The Deal will be underpinned by £125.4m Welsh Government funding, £115.6m of UK Government funding, and an estimated £591.79m of other public sector money and £330.2m from the private sector. Ministers have so far released £18m of City Deal programme funding, with a further £18 million being made available for other projects within the Deal, subject to the region meeting the first phase terms and conditions.

Three projects have been approved Yr Egin, Digital District and Pembroke Dock Marine and good progress continues to be made on the Swansea Bay City Deal with 6 further projects in development with business cases at varying degrees of maturity. The Actica Independent Review recommendations and terms and conditions for the first phase is currently being prepared for Ministers. The region also completed an impact analysis on the City Deal Programme resulting from Covid-19.

We remain committed to delivering a successful Swansea Bay City Deal and to working closely and constructively with the UK Government and the region in this regard.

North Wales Growth Deal

The North Wales Growth Deal is an important component of future regional recovery so that we can see investment start to flow into the region in 2021. It offers the opportunity for £1bn investment including the £120m provided from both Welsh and UK Governments.

Good progress is being made on the Final Deal agreement and a final sign off along with the UK Government is expected during December this year.

The economy has changed in light of COVID. Whilst the region's key strengths in areas such as low carbon, advanced manufacturing and tourism remain, the phasing of deal programmes and projects may need to change.

The challenge is to exploit the synergies between the programmes to maximise the return on every pound invested.

Mid Wales Growth Deal

Government Ministers formally responded to the Strategic Economic Plan and Growth Deal Roadmap in the summer, providing reassurance of their commitment to the Deal in mid Wales. It sets the Growth Deal in the context of broader regional economic strategy for Mid Wales, recognising that the Growth Deal is a catalyst for growth. Heads of Terms are likely to be agreed shortly, setting out the commitment by both Governments to work together with the regional partners to progress the Growth Deal for mid Wales. The Final Deal Agreement is likely to be concluded in 2021. Governments will need to be assured on three fronts, namely that appropriate governance and assurance is in place, a portfolio business case is developed setting out what the region intends to deliver and the outcomes to be achieved as a result of intervention, as well as a comprehensive engagement and communications plan.

6.13 The Valleys Taskforce & Tech Valleys Initiatives

Our Valleys Our Future is a manifesto commitment assist the communities in the South Wales Valleys become more prosperous and resilient through different initiatives covering housing, education, health and wellbeing, heritage, transport, foundational economy and entrepreneurship. We know that there is a high level of deprivation and poverty in these areas, and the pandemic has only exacerbated this situation.

The Valleys Taskforce Programme is due to end in March 2021. However, due to the impacts of Covid-19 on some of the flagship capital schemes, spend will not be achieved to deliver all approved applications for the Empty Homes Grant Scheme. The allocation of £9m in 2021-22 ensure that hundreds of homes are brought back into use across the South Wales Valleys. The Scheme gives individuals and families opportunities to restore their own property, increase its energy efficiency thus contributing to the overall carbon targets and also because of our encouragement to use local small firms to do the restoration work, it is also helping the local foundational economy.

The Access Programme has been supporting individuals in the Valleys Taskforce Area for 3 years as a pilot. Welsh Government has taken the lessons learnt in line with the refreshed focus of the Valleys Task Force and is now able to expand the offer under the well-established ReAct brand and make it available across Wales at such a crucial time for the economy. No one will be disadvantaged by the change, in fact it enhances ReAct as a key Employability Programme.

Currently within the Tech Valleys initiative there a small number of significant infrastructure projects are in various stages of development, including projects on the Lime Avenue Employment park and on the Rassau Industrial Estate.

6.14 Support for Automation and Artificial Intelligence (AI)

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.

Since its launch in May 2018, through the Economy Futures Fund we have supported 159 projects with a value of over £18.3m via the R&D, automation and digitalisation Call to Action.

Digital transformation will play an integral part in how Wales recovers and reconstructs its economy. We are therefore keen to embed digitisation in all programmes and delivery areas. From a work-based learning perspective, we continue to expand our offer to incorporate new digital roles, with Degree Apprenticeships now being seen in a number of digital related fields. We will continue to work with industry to develop further pathways and to provide new opportunities to recruit via the Apprenticeship route. Our Personal Learning Accounts (PLAs) also provide a route for individuals to reskill in new areas; providing the flexible and tailored approach envisaged by Professor Brown Professor Phil Brown's report Delivering economic transformation for a better future of work . PLAs are underpinned by the careers and advice services provided via Working Wales and Careers Wales.

To complement this we also operate a variety of skills support programmes to address employer's immediate needs, such as the Wales' Flexible Skills Programme. Where we have felt a standalone response was required, our Advanced Digital Skills support project together with the recently launched DigiTALent programme have been introduced to provide support for businesses looking to develop their capability and capacity across all areas of the digital spectrum. The DigiTALent programme is a new strand to the Flexible Skills Programme aimed at encouraging employers to recruit an IT/Computer Science/Digital graduate.

In addition to what Welsh Government is able to provide within its budgets, we are continuing to influence the work at a UK level by ensuring future developments in research and innovation complement the strengths of Wales' academia and business communities. This includes the backing required from UK funders to the proposed Data Nation Accelerator (DNA); a joint proposal led by Cardiff, Swansea, Aberystwyth and Bangor Universities to create a seismic shift on Wales' ability to respond to the future challenges of Artificial Intelligence and Data Science.

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

To support the ambitions for a modern and connected infrastructure total transport funding is £1.23bn in 2021-22. The resource funding of £535.127m includes an increase of £18.6m. This represents specific Covid funding in relation to bus support for the first quarter of 2021-22 to provide a degree of certainty for the sector while restrictions are likely to continue and to help provide confidence to the sector.

The capital allocation is £694.981m supports continued delivery of the current National Transport Finance Plan as well as laying the ground for the successor delivery document which will be set in the context of the new Wales Transport Strategy. 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:

Transport	**2020-21 Final Budget £'000**	**2021-22 New Plans Draft Budget**	**Change £'000**	**Change %**
Revenue	327,836	346,436	18,600	6%
Non Cash	188,691	188,691	0	0%
Total Resource	**516,527**	**535,127**	**18,600**	**3%**

Transport	2020-21 Final Budget £'000	2021-22 Baseline Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Baseline Change %
Traditional Capital	597,952	397,650	681,827	284,177	71%
FT Funding	12,300	0	13,154	13,154	0%
TOTAL	**610,252**	**397,650**	**694,981**	**297,331**	**75%**

The detailed breakdown of Actions by BEL activity is explained in the following sections.

7.1 Motorway & Trunk Road Network Operations & Domestic Routes Actions

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget	Change £'000	Change %
Network Asset Management	5,686	5,686	0	0%
Network Operations	65,298	65,298	0	0%
Sub Total	**70,984**	**70,984**	**0**	**0%**
Non Cash				
Network Operations	188,691	188,691	0	0%
Total Revenue	**259,675**	**259,675**	**0**	**0%**

BEL	2020-21 Final Budget £'000	2021-22 Baseline Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Baseline Change %
Traditional Capital					
Network Operations	81,579	82,000	96,497	14,918	18%
TOTAL	**81,579**	**82,000**	**96,497**	**14,918**	**18%**

Welsh Ministers have a statutory duty to provide a safe and reliable Motorway and Trunk Road Network against a £17 billion asset. Recognising the importance of both ongoing management and maintenance and improvement, there is an additional capital allocation of £14.918m. Maintenance budgets will be continually monitored to ensure that we are responsive to reactive works and prioritise capital investment where it is most needed. Further detail is included in section 8.7.

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.

7.2 Road, Rail, Air and Sea Services & Investment Action

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget	Change £'000	Change %
Aviation	5,605	5,605	0	0%
National Transport Infrastructure	650	650	0	0%
Rail Ancillary	850	850	0	0%
Transport for Wales	185,400	185,400	0	0%
Total Revenue	**192,505**	**192,505**	**0**	**0%**

BEL	2020-21 Final Budget £'000	2021-22 Baseline Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Baseline Change %
Traditional Capital					
Aviation	2,000	2,000	2,000	0	0%
National Transport Infrastructure	149,223	128,100	128,100	0	0%
Transport for Wales	206,299	25,000	274,680	249,680	999%
Sub Total	**357,522**	**155,100**	**404,780**	**249,680**	**19%**
FT					
Aviation	4,800	0	3,154	3,154	100%
Sub Total	**4,800**	**0**	**3,154**	**3,154**	**100%**
TOTAL	**362,322**	**155,100**	**407,934**	**252,834**	**163%**

The Aviation revenue budget of £5.605m includes provisional activities such as the Intra Wales Air Service, consideration of other potential PSO routes and for managing and maintaining St Athan and its airfield. General capital of £2m is available for infrastructure works at Bro Tathan. The profile of drawdown for the loan facility for continued investment in Cardiff International Airport Limited is reflected in the budget – FT capital of £3.154m (2020-21 £4.8m).

The Transport for Wales total budget of £460.080m primarily delivers the Metro and rail projects. More detailed information on the Rail Franchise, South Wales Metro Transformation Programme and other rail projects is included in section 8.3 & 8.4.

The National Transport Infrastructure revenue budget of £0.650m supports planning and feasibility activities for what will become capital projects, with £128.1m available in 2021-22. More detail on existing capital schemes is provided in section 8.7.

7.3 Sustainable Travel Action

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Bus Support	32,005	50,605	18,600	58%
Smartcards	1,466	1,466	0	0%
Concessionary Fares	23,482	23,482	0	0%
Youth Discounted Travel Scheme	2,000	2,000	0	0%
Sustainable and Active Travel	630	630	0	0%
Total Revenue	**59,583**	**78,183**	**18,600**	**31%**

BEL	2020-21 Final Budget £'000	2021-22 Baseline Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Baseline Change %
Traditional Capital					
Smartcards	1,000	1,000	1,000	0	0%
Local Transport Priorities	31,150	51,000	51,000	0	0%
Concessionary Fares	36,651	37,000	37,000	0	0%
Sustainable and Active Travel	83,150	64,650	84,650	20,000	31%
Sub Total	**151,951**	**153,650**	**173,650**	**20,000**	**13%**
FT					
Sustainable & Active Travel	7,500	0	10,000	10,000	100%
Sub Total	**7,500**	**0**	**10,000**	**10,000**	**100%**
TOTAL	**159,451**	**153,650**	**183,650**	**30,000**	**20%**

Buses play a central role in connecting people and communities across Wales and provide access to key services. In 2020-21 we allocated up to £140m recognising the impact of social distancing measures and the marked decrease in people travelling by public transport on the bus industry. During this period of ongoing uncertainty an additional £18.6m funding will provide stability to bus operators to continue to run efficient services in the early part of the next financial year. This investment will also fund a review into how bus services operate so that we can both safeguard and subsequently reform the industry to meet the needs of the people of Wales and the continuing challenges posed by COVID-19.

The concessionary fares and youth discounted travel scheme budgets are protected at £62m, recognising the important role of public transport. 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.

The allocation for Active Travel has increased from the £30m to £50m. Further information is provided in section 8.8 below.

To build on the investment for the decarbonisation of our public transport fleet and improve our charging infrastructure an addition FT capital allocation of £10m will take the total investment to £38m in 2021-22. To note that in 2020-21 £29m was allocated – FT capital £7.5m and core capital £21.5m.

7.4 Improve Road Safety Action

BEL	2020-21 Final £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Road Safety	4,764	4,764	0	0%
Total Revenue	**4,764**	**4,764**	**0**	**0%**

BEL	2020-21 Final Budget £'000	2021-22 Baseline Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Baseline Change %
Traditional Capital					
Road Safety	6,900	6,900	6,900	0	0%
TOTAL	**6,900**	**6,900**	**6,900**	**0**	**0%**

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 Response to the Coronovirus Pandemic

As a result of Covid-19 and the subsequent lockdown, there was an unprecedentedly sharp and severe drop in bus passenger numbers across public transport services which in turn saw the loss of almost all ticket revenues. Throughout the current year, the Welsh Government will have provided up to circa £200m of additional funding to support public transport services (rail and bus), firstly through maintaining a skeleton network to support essential journeys during the first national lockdown and then to ramp up services to support the re-opening of schools and the wider economy, all needing to be managed under strict social distancing requirements which limited vehicle capacity for passenger numbers. . Public transport services have been reformed to reflect the new commercial realities and maximise the benefits and outcomes from our increased funding.

As well as addressing emergency short term needs, the agreement underpinning the bus emergency scheme (BES) provides an opportunity to establish the beginning of a lasting partnership between operators and public bodies to enable a reshaping of Wales' bus network, supporting the management and interaction across transport modes including smart ticketing, a reference network that meets wider objectives, and coordinated timetabling across modes.

In the Draft Budget £18.6m is allocated to provide additional support for the bus industry giving some financial assurance during the first quarter of 2021-22. However, in order to support critical public transport services, additional funding may be required to compensate for loss of revenues while social distancing remains but this situation will be monitored as 2021-22 progresses. Forecasting this funding requirement is challenging in light of the uncertainty around future restrictions, social distancing requirements, and the public's appetite for returning to public transport.

8.2 Brexit Allocations

Most costs in preparing for the end of the EU Transition Period will fall within the current financial year. However, depending on whether or not a trade deal is reached and the scale and duration of disruption at ports, further costs could be incurred going into the 2021-22 financial year. These are currently being worked through and, where appropriate, these costs will form part of ongoing discussions with UK Government and be part of future budget allocations

We have been working with key stakeholders to put appropriate measures in place to prepare for the consequences of the end of transition, including planning for the potential effects on the transport network resulting from customs checks at Irish sea ports.

We are discussing with UK Government whether additional funding will be made available in recognition of the disproportionate impacts Wales faces at our ports at the end of the transition period. We have already announced that circumstances have required us to operate a contraflow on the A55 from 1 January. Whilst we will keep that intervention under review and seek to minimise both disruption and cost by taking it down once it is no longer needed, we have to prepare for the reasonable worst case assumptions we have. However, it is impossible to fully assess the duration and scale of disruption the end of transition will cause, and we will need to manage any ongoing impacts through 2021 as they emerge.

We have always been clear that our ability to match the levels of infrastructure investment we have seen in Wales within the EU 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. In that context, the continued lack of certainty surrounding the Shared Prosperity Fund remains a major concerns, and a major threat to Wales.

8.3 Rail Franchise and the Delivery of the Metros

Overall there is significant investment in rail with an additional £250m provided above the baseline in 2020-21.

Rail Franchise

In the October announcement due to the impacts of Covid 19, and in order to protect services, jobs, and deliver the Metro, the current rail Franchise of the Wales and Borders Network would transition through managed agreement to public control. The final budget for covering the operating costs of rail services (in light of the ongoing impacts on passenger revenue from Covid 19) has not been set yet. However there is likely to be a significant additional demand on revenue funding but we will monitor the situation as the year progresses. In 2020-21 under the Emergency Management Agreement an additional £153m of revenue funding has been made available in addition to the baseline subsidy of £167m.

From February 2021, the delivery of daily rail services will be the responsibility of a new publicly-owned subsidiary of Transport for Wales, allowing government to have an even greater role in the delivery of rail services in Wales and the borders.

At present the draft budget maintains revenue support for the running and TfW's management of rail operations at £185.4m at pre-pandemic levels. It is recognised however that the running of services and/or the level of subsidy required could be severely impacted depending on how passenger numbers recover over the coming months.

TfW and officials are undertaking an exercise to develop options to secure cost savings measures to try and reduce the baseline operating cost should this revenue pressure materialise. This exercise will be subject to independent review with the outcome of that work available next spring to inform future budget decisions.

Maintaining rail services will benefit those that use public transport to maintain access to jobs, health services, education and leisure. Public Transport is also essential to many key workers employed within these sectors.

North East Wales Metro

Work is progressing with local authorities and stakeholders to deliver the vision for the Metro in North Wales. Budget of £25m is included in the baseline for 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. Attached is a link to the most recent statement on North Wales Metro : https://gov.wales/north-wales-metro-schemes-benefit-over-11-million

South West Wales Metro

In terms of the rail programme the following interventions are in progress:

- **South Wales Main Line Improvements** – In summary, this is focussed on improving frequency on the SWML, with particular focus on services between Cardiff Swansea and Carmarthen. We are also examining service enhancements to Milford Haven.

- **Local Services & Improvements** – Station enhancements; Parkway proposals and tactical SWML improvements to aid local rail.

- **Swansea Bay Area Metro –** This essentially falls into two strands presently, but there are a greater number of perceived lesser priorities to be tested in the coming years:
    - Swansea District Line – a series of new stations to be established on the Swansea District Line between Pontarddulais, Neath and Swansea High Street to provide a local commuter service for north Swansea; including examination of reopening Landore. Presumed 3 trains per hour.
    - Burry Port to Swansea – Presumed 3 trains per hour between Burry Port and all stations to Swansea High Street Station (including examination of reopening Cockett).

Buses are also integral to the solution. The Bus Network Redesign is progressing in partnership with Local Government initially, but broadening to the Public Transport Operators in the coming months. This exercise will take a first principals approach to network planning for public transport bus. This is ultimately with a view to achieving greater efficiency, faster journey times and high frequencies. The Pembrokeshire Fflecsi Bus Trial is currently operating in North Pembrokeshire as a Demand Responsive Transport service trial.

South East Wales Metros

The South East Wales Core Valley Line Metro Transformation is progressing following the successful transfer of the Core Valley Lines from Network Rail to TfW at the end of March 2020. The first capital works commenced in August 2020 focussing on vegetation clearance and the first stretch of track realignment was successfully delivered in November to allow clearance for electrification equipment to be installed.

In 2021-22 the programme will accelerate with significant capital works being undertaken on the Treherbert, Aberdare, and Merthyr Lines in particular which will require a number of managed blockades of the line.

8.4 Rail Infrastructure Priorities

For 2021-22 the primary focus will be on the implementation and continued development of the various Metro schemes. Notwithstanding this focus we will also be looking to work with and influence UK Government to invest in the broader rail network through Network Rail. This will include promoting station enhancements across the Wales & Border network, new stations and other infrastructure improvements to assist in the smooth and reliable running of services.

8.5 Transport for Wales

Transport for Wales corporate budgets are complex due to the emergent nature of ’its role including the recent proposals for how rail services are to be delivered in Wales in the future. TfW’s full remit and budget for 2021-22 is still to be agreed, but once it is that will then determine the basis of its 2021-22 Final Business Plan.

The draft budget shows specific allocations for Transport for Wales for both revenue and capital. These allocations reflect its ‘core’ funding for it delivering its primary functions in relation to rail services and rail infrastructure projects, including the

'pass through' payments it makes on Welsh Government's behalf. It also includes provision for those corporate costs that it is unable to reasonably allocate out against specific project/programme activity. The majority of these costs will be allocated out by TfW against specific budget/project lines on an overhead/absorption costing basis.

In addition to this 'core' funding TfW will also receive allocations from other budget lines according to what is eventually included within its remit and the funding that will be made available to it to deliver those activities. For example, TfW is currently playing a significant role in the bus reform programme and it is proposed will take over the management of active travel grant funding to third parties. All of which will need to be reflected in the final remit letter and funding allocation.

In 2020-21 TfW's estimated corporate costs is anticipated to be circa £16m.

Further detail on Transport for Wales may be accessed via its website at https://trc.cymru/.

8.6 South Wales Transport Commission

Lord Burns' final report was published on 26 November and set out an ambitious set of proposals for a network of Public Transport and Active Travel measures for the region. The Minister for Economy, Transport and North Wales responded to the Commission Report .

The Commission's proposals are well aligned with the recently published draft of Llwybr Newydd – the new Wales Transport Strategy and could create competitive alternatives to the private car, especially for commuters, and have a profound effect on motorway congestion.

Some of these proposals are within our devolved competence, and some are not. Welsh Government officials are engaging with Network Rail and the DfT on how best to take forward the recommendations for enhancement of the South Wales Main Line and new stations on it. Locally, Welsh Government is engaging with local authorities where the Commission's recommendations require joint working to deliver change within towns and cities that benefits both local residents and strategic road network users.

Where Welsh Government funding is required, additional budget allocations will be necessary, and the recommendations must of course be subject to our Welsh Transport Appraisal Guidance (WelTAG) and demonstrate value for money before investment decisions are made. Officials are now in the process of considering the recommendations to inform next steps.

8.7 Trunk Road and Motorway Network

Network Management

Trunk road highway and motorway assets have depreciated replacement cost of around £17 billion, the largest single asset on the Welsh Government balance sheet, and are continuously inspected, maintained and improved, with £161.795m

allocated in 2021-22. The revenue budget funds an annual routine maintenance and inspection programme that ensures the network's day to day safety while a capital budget funds annual major maintenance programmes to safeguard its long term integrity and small to medium size improvements. Sustainability is a key principle.

The supply chain associated with the operation, maintenance and improvement of the Strategic Road Network supports approximately 800 employees within the construction sector. Whenever possible maintenance programmes are developed on the principle of the "right intervention at the right time" in order to maximise the service life of assets and minimise the frequency and scale of maintenance operations. This reduces the network's carbon footprint, disruption to the road user and provides best value. In recent years the focus has been on extending the serviceability of existing surfacing material using innovative surface treatments and their replacement when necessary with new materials with longer service lives, sourced locally to significantly reduce their carbon impact.

Quieter surfacing materials along with environmentally friendly barriers are also being used to reduce noise for people living next to the network. The Noise and Soundscape Action Plan for Wales 2018-23, identified 200 Candidate Priority Areas exceeding 73db requiring such noise mitigation. Compliance with EU limit levels for NO_2 at sites across the network where there are exceedances is being achieved by the introduction of 50 mph speed limits supported by average speed enforcement infrastructure.

The verges and planted areas adjacent to the network provide valuable habitats for plants and wildlife and are managed sensitively in a way which promotes bio diversity. "Green Corridors" is aimed at enhancing planting along routes acting as gateways into Wales. Native Ash trees are found across the network and dealing with the disease ash dieback, replacing trees with healthy alternative species, will be a major challenge over the next 5 to 10 years at a cost of £50m.

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 scheme, at the junction of the A470 with the A55 at Glan Conwy commenced this summer and improvements at M4 J48 Hendy will start this January. Construction of the first overtaking opportunity schemes will commence in 2021-22 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 2020-21 onwards.

The latest review of Speed Limits and network safety was completed at the end of the 2019-20 financial year. Based on the results, a prioritised programme of improvements is being delivered in 2020-21 with the objective of not only improving safety but also reducing community severance and promoting active travel.

Infrastructure Delivery

Delivery continues on a number of other strategically important schemes including:

- A465 Heads of the Valleys road between Gilwern and Brynmawr
- Section 2 is expected to complete construction within 2021-22.

- Section 5&6 – Contract was awarded in October 2020 with pre-start ecological surveys ongoing.

- A487 Caernarfon Bontnewydd - The new bypass is expected to complete in the autumn of 2021.

- A55 Junction 15 & 16 – replacing the roundabouts at the junctions will aid traffic flow on the A55 and improve resilience for this key strategic route. The Draft Orders due to be published by December 2020.

- A55 Abergwyngregyn to Tai'r Meibion - construction has commenced and will continue throughout 2021-22.

- A55/A494 Flintshire Corridor Improvement - The appointment of consultants is planned to be made in spring 2021. The project will then progress to the design development in consultation with stakeholders and a range of environmental surveys and ground investigation will be undertaken. .

- A40 West Wales – public enquires for improvements to the two schemes concluded in 2020-21. Construction is expected to start in 2021-22.

- Dyfi Bridge - Construction can begin immediately following the award of the contract due imminently.

All of these activities are programmed and will be managed within available budgets to deliver the National Transport Finance Plan. All expenditure is subject to inflationary pressures and risk which we manage by including risk and optimism bias and clear assumptions/ forecasting reviews in all projects. In the case of construction projects this is often at key stages of development and delivery. The contracts also include construction inflation indices (includes the cost of materials and labour).

8.8 Delivery of Active Travel Policy

The continuation of the Active Travel Fund beyond its initial three year timescale prioritises enabling short journeys to be made by walking and cycling as carbon emission free modes with huge health benefits. This is in recognition that increasing active travel is an important part of achieving modal shift away from private car use on its own for shorter and medium length journeys and in combination with public transport for longer trips. .

Local authorities will update and revise their active travel network maps in 2021-22, with prioritised scheme lists. The new maps will be the first since the publication of Planning Policy Wales 10 and the draft new Wales Transport Strategy both of which have the sustainable transport hierarchy at their core, with walking and cycling at the top. The new plans will be closely aligned with land use planning and together aim

to create opportunities to reduce the need to travel, travel distances and good conditions for walking and cycling.

Since the introduction of the Active Travel Fund, a substantial share of the funding (£9m of £30m this financial year) has been made available to all local authorities as a core allocation to carry out small scale improvements on their networks without needing to compete for funding and to undertake pre-work on more complex schemes. Over the two years since the fund was introduced this has led to a growing pipeline of ambitious schemes that have now either reached or are approaching readiness for construction. Many of these have the ability to transform many people's travel choices and enable safe walking and cycling trips where these have not been possible before.

The active travel funding for local transport grants is set out in the following table. To note that this funding does not include spending for active travel schemes on trunk roads, or revenue funding:

TABLE 5 - Active Travel Allocations - All LA capital grants 2016-17 to 2020-21					
	2016-17	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Mid-year population estimate Wales	3,113,150	3,125,165	3,138,631	3,152,879	3,164,215
Active Travel Fund	0	0	£9,031,092	£31,850,943	£28,999,750
Local Transport Fund	£3,985,303	£13,006,475	£11,267,202	£7,303,259	N/A
Safe Roads in Communities	£4,871,388	£6,535,478	£5,048,314	£5,362,121	£4,141,501
Local Sustainable Transport Measures (i.r.t.Covid)					£16,205,917
Total	**£8,856,691**	**£19,541,953**	**£25,346,608**	**£44,516,323**	**£49,347,168**
Total per capita	**£2.84**	**£6.25**	**£8.08**	**£14.12**	**£15.60**

8.9 Support for Bus and Community Transport Services, Concessionary Fares and Youth Discounted Travel Scheme

Support for bus and community transport services

Local bus services play a huge part in accessing key services and facilities throughout Wales, and our Bus Services Support Grant (BSSG) allocations provide a valuable complementary source of funding to that which local authorities are awarded through the annual RSG settlement. 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 for support for bus and community transport in Wales. An announcement will be made in due course.

The 2021-22 draft budget includes a provisional £25m in the form of our BSSG scheme allocated to local authorities by a 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. Pleased to have been able to maintain

the amount of BSSG: despite the UK Government's austerity programme and impact of our Covid-19 response on budgets.

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.

Free concessionary bus travel

Our free bus travel scheme for older or disabled persons ensures that pass holders are able to travel to work, friends and relatives, the shops, medical appointments or simply for a day out without worrying about the cost.

Local authorities are legally obliged to reimburse bus operators for those journeys so that those operators are no better and no worse off. The Welsh Government provides substantial funding to enable them to fulfil this obligation.

Since we introduced this key initiative in 2002 it has grown in popularity so that there are around 610,000 live passes today, 120,000 less than 2019-20 following a comprehensive renewal exercise.

The 2021-22 draft budget includes a provisional £60m to help local authorities to reimburse bus operators for carrying older or disabled pass holders for free, including administration cost, based on historical journeys. With less journeys this year an element of the budget was repurposed to the bus emergency scheme. This is likely to be the case next financial year but forecasting this change is challenging. The provisional budget for 2021-22 will be allocated to local authorities in response to data collected showing the number of free journeys actually undertaken and the associated administrative costs. To note that an additional £18.6m has been allocated to the industry for 2021-22 to support Covid impacts.

MyTravelPass

The 2021-22 draft budget for MyTravelPass (MTP) includes a provisional £2m to compensate bus operators for carrying 16 to 21 year olds at a third discount and the associated administrative costs for operating the scheme. There are approximately 32,000 active MTP passes currently in circulation at end of October 2020.

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 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 increasing costs elsewhere across public transport service delivery.

8.10 Local Transport Priorities

The local transport priorities budget line 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 £51m for Local Transport Priorities (including the Local Transport Fund) This will allow Local Authorities to apply 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 has published for public consultation a draft new Wales Transport Strategy which recognises these recent changes and looks to address future opportunities and challenges. Two key challenges the Strategy addresses are responding to the climate change emergency and how we recover the transport system from the impact of COVID-19.

The draft Strategy embeds 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. The Strategy will be delivered via a new five year National Transport Delivery Plan and Local/Regional Transport Plans.

We will prioritise funding to support the policy framework within the strategy and we will develop modal targets to achieve a reduction in carbon footprint. This will require significant additional funding, on top of existing levels. To deliver an ambitious modal shift of 5% from private car use to other modes of transport will require an additional investment of £1.8bn and that was before the impact of the COVID-19 crisis.

Public transport in Wales is currently very highly subsidised and the level of subsidy – in aggregate terms and in particular per passenger journey – has increased significantly as a result of COVID-19. For example, in respect of rail services, an extra £168m has been allocated in 2020-21 to support rail services given the drop in revenues associated with the fare box. This means total revenue investment in rail in 2020-21 will be c£335m. Based on continued 'low' projected passenger patronage, the costs of rail services alone next year could be in the order of £330-340m again. The draft Budget recognises some portfolio specific spending pressures and we will continue to monitor the impact of the pandemic on rail services.

In addition to increased subsidy costs, there will also be the need for significant investment in capital such as developing safer infrastructure for the preferable transport modes and improving public transport so it has the capacity and attractiveness for those who would at the moment prefer to make their journeys by car.

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.

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. We will be continuing to deliver the outstanding commitments in the Plan, whilst we develop the National Transport Delivery Plan which will set out our investment programme for the 5-year period from April 2022.

8.13 Decarbonisation

Our approach to removing carbon emissions from the transport sector is set out in 'Prosperity for All: A Low Carbon Wales' published in March 2019.

Key actions at a Wales level are to encourage modal shift to more sustainable modes of transport such as active travel and public transport and encourage a change in travel demand through enabling home working and better land use planning. Funding for these policies are included under sectoral allocations above.

A further key action is to accelerate the uptake of zero emission vehicles in Wales through funding for electric vehicle charge points, and supporting the transition of bus, taxi and private hire vehicles to zero emission by 2028 in line with our stated policy ambition. In 2021-22 there is an allocation of £38m (including £10m FT capital) for the Ultra Low Emission Vehicles Transformation Fund will support this work. This investment builds on the additional funding of £29m capital (£21.5m core and £7.5m FT) in 2020-21.

Funding will also support the development of the transport sector chapter in the second Low Carbon Delivery Plan covering the carbon budget period 2021-2025 and critically, assess the potential carbon savings from future transport investments.

8.14 Preventative Spending

As well as looking at the transport needs of today our strategy is looking at the long term needs of society and future generations. Therefore this budget has a strong focus on maintaining existing public transport infrastructure with a view to this providing the backbone for those longer terms needs. In particular, we are looking to promote and provide healthier travel opportunities for travellers through active travel, promote modal shift especially (for example through continued subsidisation of youth/young persons' travel) and looking to protect the health of future generations through decarbonising public transport fleet." The allocations of funding will reflect our priorities as set out in the draft strategy and drive changes that place greater emphasis on sustainable modes and which reduces the need to travel by car.

A significant element of spend is either in relation to Statutory obligations or existing contractual obligations. However, all new proposed interventions are subject to WelTAG studies which ensures that the most appropriate intervention is selected and, where appropriate, business cases or business justifications are produced. Work is also currently underway with TfW to produce a series of key metrics to show how our effective interventions are and how effective TfW is in delivering these.

9.0 SKILLS FUNDING OF ACTIONS

Skills	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Revenue	173,541	177,941	4,400	3%
Non Cash	1,400	1,436	36	3%
Total Resource	**174,941**	**179,377**	**4,436**	**3%**

9.1 Work Based Learning Action

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Work Based Learning	97,033	97,033	0	0%
Total Resource	**97,033**	**97,033**	**0**	**0%**

This net budget supports the delivery of the apprenticeship programme to employers and their employees, with a particular priority for new recruits, throughout Wales. The 100,000 apprenticeships-target has been met creating high quality opportunities for all. Dashboards and information is published by Statistics Wales.

9.2 Delivery Support – Skills Action

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Marketing Skills	648	648	0	0%
Total Resource	**648**	**648**	**0**	**0%**

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

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Skills Policy Engagement	1,556	1,556	0	0%
Total Resource	**1,556**	**1,556**	**0**	**0%**

The majority of funding delivers the Employer Engagement, Regional Skills Partnerships, National Occupational Standards and Skills Implementation programmes.

9.4 Employment and Skills Action

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Employability and Skills	51,322	49,722	(1,600)	(3%)
Communities for Work	3,972	9,972	6,000	151%
Sub Total	**55,294**	**59,694**	**4,400**	**148%**
Non Fiscal Resource				
Communities at Work - Non cash	0	36	36	100%
Total Resource	**55,294**	**59,730**	**4,436**	**7%**

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. The change in the budget reflects the non-recurrent EU transition funding for manufacturers.

The Communities for Work Programme budget of £9.972m provides specialist employment advisory support and intensive mentoring to people who are either in or at risk of poverty who face complex barriers to employment and training opportunities. Through helping people in unemployment gain work experience, learn new skills, or through expert employment advice, the additional allocation of £6m for Communities for Work Plus enables people to build confidence and unlock their potential. This funding is made available to mitigate the impact of the pandemic.

9.5 Educational and Careers Choice Action

BEL	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	Change %
Revenue				
Careers Wales	19,010	19,010	0	0%
Sub Total	**19,010**	**19,010**	**0**	**0%**
Non Cash				
Careers Wales - Non cash	1,400	1,400	0	0%
Sub Total	**1,400**	**1,400**	**0**	**0%**
Total Resource	**20,410**	**20,410**	**0**	**0%**

The budget for Careers Wales (a wholly owned subsidiary company of the Welsh Government) is maintained. It delivers a national, all age, impartial and bilingual careers information, advice and guidance (CIAG) service in Wales. The non-cash provision of £1.4m is for depreciation.

10.0 SKILLS - KEY POLICIES

Additional information is provided in response to the specific requests made by the Committee as follows:

A general overview of the ongoing support for the skills sector though the pandemic and any support it will be allocated for recovery.

- The Minister for Economy, Transport and North Wales announced £40m to support Welsh Government's Covid Commitment in 2020-21.

- The COVID Commitment is for skills and jobs: we have committed to offer advice and support to people 16+ to find work, pursue self-employment or find a place in education or training, with hiring incentives for employers to recruit individuals most affected by Covid-19. Young people 16-24, disabled people, BAME, women and others most affected by the Covid-19 pandemic will be prioritised.

- The COVID Commitment is for skills and jobs: we have committed to offer advice and support to people 16+ to find work, pursue self-employment or find a place in education or training, with hiring incentives for employers to recruit individuals most affected by Covid-19. Young people 16-24, disabled

people, BAME, Women and those most affected by the Covid-19 pandemic will be prioritised.

- We will continue to invest in our Employability and Skills programmes in 2021-22, maintaining the offer to support individuals and businesses. Working across Government, we remain firmly committed to supporting people into employment or self-employment, securing learner continuity and progression in the labour market throughout this pandemic.

- Welsh Government priorities are to help stabilise Wales as we continue to live with coronavirus, prevent longer-term damage and plan to build a new future.

- We will do everything we can to reduce unemployment and give everyone the best chance to find and keep decent work with long term prospects, adding value to the UK government's Kickstart programme. We will work with trade unions, employers, schools, and colleges to provide opportunities for people to develop their skills and to acquire new ones.

- We will make sure that our young people do not lose educationally or economically through the effects of coronavirus or because of any economic downturn that is not of their making. We will support all of our young people to stay in education and to catch up at school and in college. In addition, we will make sure that particularly disadvantaged groups, including members of BAME communities, receive the additional help that they need.

- We are focussed on supporting A Values Based Recovery, the renewal of people and places across Wales, and pursuance of just recovery underpinned by fairness and inclusivity, targeted on supporting those most impacted by crisis to avoid deepening economic inequality.

- We remain committed to maintaining a three-nation policy approach to UK-wide National Occupational Standards (NOS) to underpin Adult Vocational Qualifications and apprenticeship frameworks in Wales. NOS support social mobility and permit the transferability and movement of skills across companies, sectors and borders. Transferability of skill is crucial to the economy in times of crisis; new training interventions will be needed. NOS and the transferability they offer are crucial to these programmes (e.g. competencies which are transferable from a struggling hospitality sector to a booming retail sector).

10.1 Work Based Learning

Apprenticeship Delivery – Procurement

The apprenticeship tender was launched on 17 August 2020 with a response closing date of 12 October 2020. As outlined in the Invitation to Tender we intend to communicate results to bidders in March 2021. We have been advised that we are unable to provide responses to procurement related questions whilst the process is still on-going. But please see below.

Apprenticeship provision is currently being procured for delivery from 1 August 2021. Revised unit prices have been published which show an average increase in value of 12.3%. We are still considering what funding will be required to deliver the

level of provision we want to see, particularly in the wake of the pandemic. We will be considering this further as the procurement process progresses.

The procurement documents for the 2021 Apprenticeship programme procurement are provided below:

Programme Specification:

ACP - Progra

Invitation to Tender:

ACP - Invitati

Jobs Support Wales – Procurement Lessons Learned

The procurement of apprenticeship delivery from 1 August 2021 is a live process due to complete in March 2021. Welsh Government's Corporate Procurement Service can confirm that the relevant outcomes of the lessons learned have been implemented and put in place for all applicable procurements. Whilst the process is still on-going, we are unable to provide further responses to procurement related questions. However, we will be happy to share information on lessons learned once the procurement has concluded.

Degree Apprenticeships

The proposed 2021-22 Work-Based Learning BEL is net of £5m to be transferred to HEFCW to support Degree Apprenticeships. It is anticipated that further funding will be transferred in year in the supplementary budget to support the cost of new and continuing Degree Apprenticeships in 2021-22. The cost is not confirmed at this stage.

The actual 2019-20 outturn for the Traineeship programme is £29.6m. The expected outturn for this programme for 2020-21 is £30.5m.
The actual 2019-20 outturn for the Apprenticeship programme is £113.6m (inclusive of ESF income). The expected outturn for this programme for 2020-21 (including ESF income) is £137m.

Structure for Welsh Apprenticeship Programmes

The Welsh Government commissions new and revised apprenticeship frameworks via contracting arrangements with Skills Development Scotland (SDS). SDS manages the tendering and contract management process on behalf of the devolved nations.

In order to ensure the apprenticeship offer remains current and relevant to the needs of employers in Wales, £140,000 has been allocated for the development of

apprenticeship frameworks for 2020-21. This amount is based on expenditure in previous years and includes:

- £125,000 to be made available for apprenticeship framework developers via the SDS Commissioning process to develop new, and revision of existing, apprenticeship frameworks; which includes commissioning the review of the Food & Drink, Legal & Financial Services, Dental, Hospitality & Catering, Agriculture & Environment, Creative & Design, Media and Transport & Logistics frameworks (see Annex 1 for further details on the pathways reviewed within these frameworks)

- £15,000 for reviewing the Engineering and Advanced Manufacturing and Digital Degree Apprenticeship Frameworks. This will involve quality assuring additional degree qualifications for these frameworks;

In addition recognised Development Partners are also able to develop and review frameworks. These are non-commissioned reviews but have to be agreed by Welsh Government prior to commencement. In 2020-21, Welsh Government has agreed to the non-commissioned development and review of frameworks in the Health & Social Care, Childcare, Healthcare and Construction sectors.

It is our intention to continue to develop and review these frameworks in 2021-22 and to also commission the development and review of frameworks in the following sectors: Digital, Business & Management, Building & Property Services and Public Services. It is expected that £140,000 will be committed for this purpose in 2021-22.

Demand Management Apprenticeships

Our Apprenticeship Action Plan (2017) signalled our intention to move the Apprenticeship programme towards supporting new entrants and employees who are relatively new in their job role. It also identified the need to move away from generic apprenticeships towards those that are sector specific. The original eligibility changes for 2020-21 reflected this direction of travel. We are reviewing the impact of Covid on future demand.

Whilst we stand by the need move the apprenticeship programme closer to the aims of the Action plan, we do recognise the requirement for some flexibility during this difficult time. Therefore, we have relaxed some of the eligibility criteria.

- Firstly, in recognition that young people are disproportionately impacted by the economic downturn, employees aged 16-24 will not be deemed ineligible for an apprenticeship on the grounds of length of employment in their current job role. The only exception to this will be for those Level 2/3 apprenticeships that have been identified as generic (e.g. Business Administration, Retail and Customer Service, Team Leading and IT Users) as these will only be available for new recruits. This relaxation will be subject to further review but will apply until at least February 2021

- Secondly, in recognition of the fact that some employers will have delayed their recruitment decisions as a result of lockdown, we deferred the new eligibility requirements for all employers that had planned to recruit apprentices whilst the previous eligibility rules were extant. This deferral was applied until 31 October 2020.

- Additionally, for this year we have also amalgamated all apprenticeship funding to enable providers to be better placed to respond to employer demand. This is a change to the approach applied in previous years where separate contract values were awarded to support specific occupational sectors.

The Employer Incentive Scheme has recently been launched to encourage employers to recruit new apprentices. Funding has been secured to support this incentive until February 2021. It is currently too early to determine how effective this incentive will be to bolster Apprenticeship recruitment.

10.2 Employability Support

Employability Programmes

Employability programmes funded by the Employability and Skills BEL which are contracted by tender are Traineeships, the Employability Skills Programme (ESP) and Jobs Growth Wales.

- **Traineeships -** target the (NEET group) and provides a range of life skills, employability and training support for 16-18 year olds in centres or via work experience places and is part funded by the European Social Fund. The contract values for 2021-22 are to be determined dependant on 2020-21 performance and budget availability.

- **Employability Skills Programme (ESP) -** supports unemployed adults to get a job and to stay in work by improving their employability skills. The Programme offers a high quality work placement or employer specific training. This is combined with work preparation training and essential skills provision. The contract values for 2021-22 are to be determined dependant on 2020-21 performance and budget availability.

- **Jobs Growth Wales -** is aimed at unemployed young people aged 16-24, giving them valuable work experience of 25-40 hours a week for a 6-month period, paid at or above the National Minimum Wage. Government provides a 50% wage subsidy. The contract values for 2021-22 are to be determined dependant on the performance and budget availability.

A number of our other employability programmes, such as ReAct, are demand led and the providers vary depending on the needs of the citizen.

European Funding

Within the Employment and Skills Action we deliver three ESF projects under the 2014-2020 European programmes, including ReAct, and Traineeships. These operations underpin a number of Prosperity for All commitments, including the commitment to reshape employability support. We currently have £109m ESF approved through to December 2023 under these operations.

10.3 Regional Skills Partnerships/Employer Engagement

Regional Skills Partnership Funding

We plan to issue a grant of £165k each to the three RSPs via the WLGA for 2021-22, maintaining funding at the same level as 2020-21.

If there is no increase in the budget line for RSPs, this will result in the following:

- No 4th RSP for Mid Wales,
- No expansion to the RSP remit which was recommended by EIS Committee in October 2019,
- No increased LMI activity (LMI Toolkit procurement 2021-22 or Employer Skills Survey 21 which will have Covid related intelligence for Wales.

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.
- An evaluation of the RSP process is planned for 2021.

10.4 Brexit

The impact on the labour market is unprecedented with significant disruption. That has led to sharp falls in the number of people employed, the number of hours they work and the number of job vacancies on offer. The impact of the pandemic threatens to reverse progress made in reducing unemployment and economic inactivity in Wales over the last decade. However, we seek to move forward with a renewed focus on our goals to tackle the forecast rise in unemployment (in collaboration with the Department of Work and Pensions WP), to address the Not in Employment Education or Training (NEET) rate of young people, to improve qualification levels in Wales, and to reshape the skills of the existing workforce and promote fair work in Wales.

For the economy to emerge stronger and more productive than before, both individuals and businesses will need support to navigate the crisis. The Welsh Government employability offer will be central to our economic recovery and ambitions to Build Back Better, and crucial in supporting those most likely to be negatively impacted in the Welsh labour market.

We are expanding front lines services via Employment Bureaus (Further Education), Working Wales, and the Communities for Work Plus (CfW+) advisor and mentor infrastructure. To help people back into work, we are directing people to access Working Wales as the portal to our wider employability offer.

Our goal is to support the ‘Return’ and ‘Retention’ of the current workforce, ‘Restart’ an individual’s employment journey following a period of unemployment or furlough, and prepare and ‘Reskill’ people across Wales for the future world of work.

Working across Government, we remain firmly committed to supporting people into employment or self-employment, securing learner continuity and progression in the labour market throughout this pandemic.

The Welsh Government has been clear and consistent in its priority that Wales will not to lose a penny of funding due to Brexit; as promised during the referendum.

We have assurance that the UK will continue to participate in EU programmes funded through the 2014-2020 Multiannual Financial Framework under the terms of the Withdrawal Agreement, meaning we will be able to continue to deliver our programmes through to December 2023.

Since the Referendum in 2016, we have been working with stakeholders across Wales on a new regional investment policy which puts us in a strong position to hit the ground running when the EU Structural and Investment funds begin to tail off towards the end of this year.

The Framework for Regional Investment in Wales, published 18 November 2020, sets out our high-level strategy for achieving prosperity and an inclusive economy to which local, regional and national (i.e. Wales-wide) interventions will contribute.

11.0 EVIDENCE BASE / EVALUATIONS & REVIEWS

Evidence from a wide range of sources underpins our financial decisions such as published research, engagement with stakeholders, previous policy evaluations and statistics. This is embedded in decision making with some examples as follows.

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.

The Economic Intelligence Wales (EIW), a collaboration between the Development Bank of Wales, Cardiff Business School and the Office for National Statistics, provides the evidence base for policy decisions, enabling the Welsh Government, Business Wales and DBW to challenge and adapt the support offered to Welsh SMEs. EIW have recently published a report: Covid-19 Welsh Government financial interventions: An analysis of Welsh beneficiaries, December 2020. This report, jointly commissioned by EIW, Development Bank of Wales and Welsh Government, analyses the Welsh beneficiaries and forms the first stage of an ongoing research programme. Additionally, EIW regularly publishes quarterly and bespoke reports on the Welsh economy and company financing.

The Centre for Digital Public Services provided independent advise on digital infrastructure development with training, good practice sharing, and expert help for service transformation.

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.

Working Wales plays a vital role in evaluating and understanding an individual's needs and the complex barriers they present. In doing so, they are able to determine the most appropriate provision to meet the needs of that individual. The service provides a national entry point to employability support, which supports and complements existing channels; thereby avoiding duplication and ensuring value for money.

We are developing a new adult employability programme, to start delivery in late 2021-2022. The new Adult Employability Programme will build on the proven successes, concept and brand to combine ReAct (redundant workers All-Wales) and Access (unemployed people) to provide this full employability offer to unemployed adults in Wales. The programme will provide individualised support to those trying to enter the labour market by removing barriers and providing grant support such as vocational training, childcare, travel costs and wage subsidies. The main aim of the programme is to enable progression into sustained employment.

The new programme will utilise a format that is tried and tested and will offer a programme of support to fulfil the aims of Taking Wales Forward and the Employability Plan. ReAct development, evaluations and audits over the past 20 years have helped the programme become efficient and effective at assisting people enter employment.

A review of the ABC Grant Scheme within ICT by external consultants is currently ongoing. This review will ascertain value for money for the grant as well as identifying possible technical solutions.

We have funded the Wales Social Partners Unit, through a competitive tender process, to deliver engagement services between Social Partners and the Welsh Government in Wales. This helped to ensure that the views of some of our key stakeholders are embedded into policy development and delivery. This area of spending underwent an independent evaluation. The organisation's resource is now located within the Social Partnership and Fair Work directorate within Welsh Government.

The 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.

A review of PSBA was undertaken in 2019 by external consultants to confirm whether a contract extension should be sort. The consultants concluded that should the contract be ceased in 2021 costs to procure, staff and build individual public sector networks was likely to be at least 48% higher than the costs for continuing the contract.

In 2018, Welsh Government commissioned a research report:" Commercial Property: Market Analysis and Potential Interventions" to evaluate the supply of and demand for modern sites and premises in Wales. The SQW report has been used to support the implementation of the Welsh Government's Economic Action Plan: Property Delivery Plan. An additional note has been produced alongside the final report to consider the potential implications of the Covid 19 pandemic, given the report was delivered at the start of the outbreak. This area is reviewed to ensure evidence is reflective of the current and future circumstances.

Delivery of evidence from areas within Welsh Government has entailed analysts across professions working collaboratively to enhance the evidence base and assess impacts to inform the policy, delivery and funding decisions in relation to the Covid 19 pandemic.

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 LEGISLATION

The Bus Services (Wales) Bill was withdrawn from the legislative programme by the First Minister on 15th July 2020. This was due to prioritising the legislative programme to deal with the Covid 19 pandemic and Brexit preparations.

The Bus Reform programme team continue to work in collaboration with the sector to establish the best approach for the future and support recovery.

14.0 REDUCING THE IMPACT OF DEPRIVATION AND POVERTY

Combatting the impact of Coronavirus and seeking to prevent and mitigate the further damage of our exit from the European Union are our key objectives. Both threaten to

reverse the progress we have made in reducing unemployment and economic inactivity in Wales over the last decade. Yet, even this success is tempered by the rise in in-work poverty over the same period.

There is now an unequalled opportunity to think long term and look to the future – to tackle with renewed vigour many of the deep-seated challenges that Wales faces and to help our people, businesses and communities recover and prosper. We won't just look to claw back the progress we made on unemployment and economic inactivity. We are determined to approach the economy differently, to ensure investment really pays off for workers and moves us away from precarious employment and in-work poverty. The approach must also take account of the fundamental challenges we face in tackling the climate and nature crises. It is not enough to measure overall wealth of a nation whilst glossing over inequality or consequential environmental degradation.
Our approach on the economy is guided by the seven national well-being goals. Our vision is of **a well-being economy** which drives prosperity, is environmentally sound, and helps everyone realise their potential. Its pursuit is underpinned by **three outcomes**:

- A more **prosperous economy** which requires a steady focus on resilience, and a capacity for transformation. We will take action to support the Foundational Economy and a diverse, inter-related economic base of grounded outward-looking firms with positive innovation performance, good productivity levels and an engaged and empowered workforce equipped with the skills for a changing world.
- A **greener economy** which demands high levels of circularity, where resources are kept in use adding economic value and where waste is avoided. This can create jobs and skills opportunities in new industries from renewables to repair. This economy is integral to a low carbon society, so we will invest in low-carbon and climate resilient infrastructure, nature-based solutions, renewable energy projects and sustainable homes.

- A more **equal economy** which *means* investing in the productive potential of all people in communities making sure nobody is left behind. We will build ambition, encourage learning for life and support people to make the most of their potential where work is well-rewarded and fulfilling. Our regional approach will support a fair distribution of opportunities to deliver fairer outcomes and we will continue to demand and champion fair work.

Children, Young People and Education Committee

Date: 21 January 2021

Time: 9:15-10:30am

Title: Evidence paper on Draft Budget 2021-22 - Education Main Expenditure Group (MEG)

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 2021-22[1], published on 21 December 2020. It also provides an update on specific areas of interest to the Committee.

The draft Budget 2021-22 provides a one year plan for revenue and capital investment prepared following the UK Government's one year Spending Review published on 25 November 2020. This is the final Budget published in the current Senedd and the allocations show how, in the fight against the pandemic, we are using the resources available to *Protect* public health and jobs, *Build* a greener future and *Change* for a more equal Wales.

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 2021-22:

Education MEG – Summary	£000s			
	2020-21 Final Budget	2020-21 Revised Baseline	2021-22 Changes	2021-22 Draft Budget New Plans
Resource	1,567,175	1,564,326	60,196	1,624,522
Capital	217,516	209,491	41,968	251,459
Total Resource & Capital	**1,784,691**	**1,773,817**	**102,164**	**1,875,981**
Resource AME[2]	-123,801	-123,801	-24,585	-148,386
Capital AME	863,631	863,631	105,330	968,961
Total AME	**739,830**	**739,830**	**80,745**	**820,575**
Total – Education MEG[3]	**2,524,521**	**2,513,647**	**182,909**	**2,696,556**

Resource

1.1.2 For resource, Final Budget 2020-21 represents the baseline figure for draft Budget 2021-22, subject to minor adjustments, as summarised below:

[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

	£000
Education MEG Resource budget – Final Budget 2020-21	**1,567,175**
Baseline adjustments:	
Literacy and Numeracy BEL - Invest to Save – online personalised assessments	(2,100)
Student Loans Company / HMRC Administration Costs BEL – Invest to Save – SLC Transformation Programme	620
HEFCW Programme expenditure BEL - EU Transition Funding – Global Wales	(1,369)
Education MEG Resource 2020-21 baseline – Draft Budget 2021-22	**1,564,326**

1.1.3 The Resource budget for the Education MEG has increased by £60.2m (3.9%) when compared to the 2020-21 baseline. The changes, broken down by revenue (fiscal) and non-cash (non fiscal) resource, are summarised below:

Education: Resource budget	**£000s**				
	2020-21 Final Budget	**2020-21 Revised Baseline**	**2021-22 Changes**	**2021-22 Draft Budget New Plans**	**% change 2020-21 Baseline**
Revenue (Fiscal)	1,460,021	1,457,172	56,298	1,513,470	3.9%
Non Cash (Non Fiscal)	107,154	107,154	3,898	111,052	3.6%
Resource Total	**1,567,175**	**1,564,326**	**60,196**	**1,624,522**	**3.9%**

1.1.4 The increase of £60.2m 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 £57.6m, offset by net transfers into the MEG of £2.6m:

Education: Resource budget allocations	**BEL**	**2021-22 £000**
Curriculum Reform – School Direct Costs, resources and communication and evaluation	Curriculum Review	7,900
Curriculum Reform – Qualifications Wales	Qualification Wales	369
Additional Qualifications Wales – depreciation (non cash)	Qualification Wales	35
COVID-19 funding - FE Reconstruction funding	Further Education Provision	5,000
Sixth Form and FE Demographics increase	Further Education Provision	21,745
Professional Learning Account	Further Education Provision	5,390
COVID-19 funding - Recruit, Recover, Raise Standards – schools catch up funding (2020/21 academic year)	School Improvement Grant	12,029
Minority Ethnic and Gypsy, Roma and Travellers	School Improvement Grant	1,000
PDG-Access	Pupil Development Grant	2,000
School Holiday Enrichment Programme (SHEP)	Food and Nutrition in Schools	2,150
Total transfers from Reserves		**57,618**
Transfer to CS&A MEG – Invest to Save repayment – personalised assessments	Literacy & Numeracy	(285)
Transfer to HSS MEG – holiday hunger	Food & Nutrition in schools	(1,000)
Transfer in from HSS MEG - Medical and Dental Students (non cash)	Student Loans Resource Budget Provision	3,863
Total MEG to MEG transfers		**2,578**
Resource DEL – net increase		**60,196**

Capital

1.1.5 For capital, the 2020-21 baseline reflects the budget presented in Final Budget 2020-21 adjusted to remove funding of £8.220m allocated in last year's budget for Coleg y Cymoedd's Carbon Neutral House.

1.1.6 The Education capital budget stands at £251.5m for 2021-22, an increase of £42m compared to the 2020-21 baseline. The changes, which relate to allocations to and from the Welsh Government Reserves, are summarised in the tables below:

Education: Capital Budget	£000				
	2020-21 Final Budget	2020-21 Revised Baseline	2021-22 Changes	2021-22 Draft Budget New Plans	% change 2020-21 Baseline
Traditional capital	217,711	209,491	40,000	249,491	19.1%
Financial Transactions Capital (FTC) [4]	(195)	-	1,968	1,968	-
Total Capital	**217,516**	**209,491**	**41,968**	**251,459**	**20%**

Education: capital budget Allocations from Reserves	BEL	2021-22 £000
21st Century Schools and Education Programme – General capital uplift	Education Infrastructure	35,000
Net Zero Carbon Schools Pilot	Education Infrastructure	5,000
FTC allocation - DBW Mutual Investment Model (MIM)	Education Infrastructure	710
FTC Allocation - MIM Subordinated Debt	Education Infrastructure	1,900
FTC Repayments - Coleg y Cymoedd	Education Infrastructure	(200)
FTC Repayments - Bridgend College	Education Infrastructure	(442)
Capital DEL – net increase		**41,968**

Annually Managed Expenditure (AME)

1.1.7 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 £80.7m in 2021-22.

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

[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 and £10.6m to Bridgend College in 2019-20 for STEAM Academy.

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 2021-22 is provided at **Annex B**. The report provides detail on 2020-21 First and Second Supplementary Budget allocations, 2020-21 forecast outturn and 2019-20 final outturns as requested by the Committee.

1.2.3 An explanation of the reasons for the re-calculation of the baseline is covered under paragraph 1.1.2 for revenue and 1.1.5 for capital. The Second Supplementary Budget 2020-21 has not been used as a baseline budget for comparative purposes. This Budget included a number of COVID-19 allocations and incorporated the reduction of £47m to the COVID-19 Response Reserve actioned in the First Supplementary Budget, both of which are non-recurrent.

1.3 Education Priorities & Other Strategic Priorities

1.3.1 Through our £1.9bn education budget, we are delivering on *Our National Mission*, which makes clear our commitment to raise standards for all, to deliver a fair and inclusive education system, which will be a source of national pride for all. The update to *Our National Mission* action plan, published in October 2020, sets out how we will continue to move forwards towards effective implementation of the new Curriculum for Wales in September 2022.

1.3.2 Continued investment to support implementation of the new curriculum is essential if we are genuinely going to deliver on our ambitions. As outlined in paragraph 1.5.1, we are investing an extra £8.3m to support curriculum realisation in all schools in 2021-22. This additional funding will be essential to ensure we can fully support schools in transitioning to curriculum reform in a robust and coordinated way with Professional Learning provision.

1.3.3 Our National Approach to Professional Learning will support the realisation of the new curriculum by preparing all our practitioners for the fundamental shift in practice required. We continue to invest in our teaching profession with a record investment of £31m into schools budgets from 2018-19 to 2020-21 to support professional learning, to build strong foundations for the next step of our journey. For 2021-22, we are providing a further £15m to ensure that our teaching profession receives the support it needs to realise our new transformational Curriculum.

1.3.4 We are investing over £900m per annum on the most progressive and equitable student support system in the UK and to ensure 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 the Europe to offer parity of support to part time and post graduate students.

1.3.5 We are implementing the recommendations of the final phase of the Diamond Review, and investing an additional £25m in our universities, via HEFCW. We

are also maintaining HEFCW core funding in recognition of the impact of the pandemic on the Higher Education sector and their role in growing the future economy, through increasing high skills levels, research and innovation and civic mission.

1.3.6 As part of preparations for draft budget, I have had a number of discussions with the Minister for Finance and Trefnydd regarding the necessary level of resources to deliver our key priorities and the cross-cutting impacts of our spending plans. Those discussions will continue as we move towards final Budget and the start of next financial year, particularly as we review the impact of the pandemic on the organisations that we fund.

1.3.7 Value for money and clarity over how we use our resources effectively is central to delivering our priorities, particularly as we move to recover and reconstruction in 2021-22. Once expenditure is planned in line with priorities, we 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. These budget proposals reflect my continuing commitment to protect and prioritise investment that supports preventative measures as far as possible.

1.4 Children's rights and other cross-cutting considerations

Impact Assessments

1.4.1 We have over recent years taken an integrated approach to impact assessments, which includes consideration of children's rights, reflecting their protected characteristics under the Equality Act, as well as taking into account the impact of decisions and policies on social, economic, cultural and environmental well-being, as set out within the Well-being of Future Generations (Wales) Act, as well as sustainability and the Welsh Language. An integrated approach enables us to understand more clearly the overall impact of decisions on children and young people

1.4.2 Under the Rights of Children and Young Persons (Wales) Measure 2011, we have given balanced consideration and due regard to the rights set out in the United Nations Convention on the Rights of the Child (UNCRC). The draft Budget 2021-22, published on 21 December 2020, sets out the impacts of our spending decisions as part of the main narratives in chapters four and six, including highlighting spending decisions that directly impact on children and young people. This is complemented by the Strategic Integrated Impact Assessment at Annex C, outlining the contextual evidence that has supported our spending decisions, including the impact of the pandemic on children and young people. Annex C also includes more-detailed case studies on the impacts of specific spending decisions, including one on our support for children and young people's mental health.

1.4.3 A specific Children's Rights Impact Assessment (CRIA) has not been undertaken for the Education MEG as part of draft budget preparations.

Detailed impact assessments, including Children's Rights Impact Assessment (CRIA) are 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.

Well-being of Future Generations (Wales) Act 2015

1.4.4 In this unprecedented context we continue to be guided by the five ways of working in the Well-being of Future Generations (Wales) Act 2015 to improve how we make decisions. We recognise the need to collaborate with our partners and to use our collective resources effectively to plan for the tough choices ahead.

1.4.5 We continue to work with the Future Generations Commissioner and a range of experts to assess how we are addressing the Well-being of Future Generations (Wales) Act. *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.

Impact on allocations within the Education MEG

1.4.6 In this draft budget we have made a number of allocations following consideration of impact assessments on children's rights, equalities, Welsh language, and the Well-Being of Future Generations (Wales) Act. This includes:

- an additional £2.2m to the School Holiday Enrichment Programme (SHEP) almost doubling our investment to £4.9m in 2021-22, to tackle health and educational inequalities;
- increasing funding for our Minority Ethnic and Gypsy Roma Traveller Grant by £1m, reflecting the increasing need for support to learners and the demand on these services, bringing total funding to £11m for next year; and
- an additional £5m capital funding to take forward delivery of a Carbon Zero Pilot Project to decarbonise schools and colleges in Wales. The funding will assist delivery partners in transforming the education infrastructure in Wales as we continue our transition towards sustainable school and further education estates.

1.4.7 Whilst not allocated to the Education MEG, we are also allocating an additional £23.3m to extend free school meals in the school holidays during 2021-22 to continue to provide support for families who are struggling during these difficult times.

1.5 Costs of Legislation

Curriculum reform and the Curriculum and Assessment Bill

1.5.1 In addition to maintaining our existing Curriculum reform budgets in 2021-22 we are investing an extra £8.3m (£7.9m to the Curriculum Review BEL and £0.4m QW BEL) in 2021-22 to support effective implementation of the new Curriculum for Wales. This funding is fundamental to meeting the overarching objective of *Our National Mission*; the implementation of a transformational curriculum from 2022 and the costs set out in the Curriculum and Assessment (Wales) Bill. This includes:

- £1m to support the significant commissioning of bilingual education resources for schools anticipated in support of Curriculum for Wales implementation and is in addition to the existing budget for Welsh language resources for Welsh-medium schools of £3.1m (Welsh in Education BEL).
- £6.4m is provided to support schools directly in implementing the new curriculum. The funding will enable all schools to engage at least one practitioner at least once in the National Network. This complements the significant investment in professional learning more generally, with a further £15m to be allocated in 2021-22 from the Teacher Development and Support BEL to continue to prepare schools for the new curriculum.
- £0.5m to support wider public engagement and evaluation. Significant engagement and communications activity with key stakeholders is essential so that everyone understands what is changing and what the curriculum and assessment reforms mean for them.
- £0.4m additional funding to enable Qualifications Wales to contribute to the reform programme alongside its existing priorities.

1.5.2 We are maintaining the existing curriculum reform budgets totalling £4m (Curriculum Review BEL) to provide continued support for the development of statutory curriculum guidance and materials; research and evaluation work to inform implementation and monitor progress; and continued discussions between national and regional bodies with schools to support curriculum design and implementation. It will also provide continued support to regional educational consortia to support all schools in the process of designing their curriculum and preparing to implement it from 2022 onwards; fund practitioners to work directly with Welsh Government to co-construct additional guidance including curriculum and assessment arrangements for non-maintained nursery settings; fund a network of innovation schools to provide feedback on enacting the new curriculum; and support school engagement with the National Network as we move into curriculum implementation.

Post-Compulsory Education and Training (PCET) reforms and the Tertiary and Education Research (TER) Bill

1.5.3 Funding to support the implementation of the Post-Compulsory Education and Training reforms will be considered in year during 2021-22.

Legislation passed in the Fourth Assembly and the Fifth Senedd

1.5.4 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 Higher Education (Governance and Information) (Wales) Act 2014, as all provisions within the Acts have now been implemented.

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

Additional Learning Needs and Education Tribunal (Wales) Act 2018 and the wider ALN Transformation Programme

1.5.6 The costs associated with the ALNET (Wales) Act 2018 and the wider ALN Transformation Programme are £6.9m in 2021-22, to be drawn from both the Additional Learning Needs BEL (£2.5m) and the Raising School Standards BEL (£4.4m). The budget will fund implementation/transition support; workforce development; awareness raising; and supporting policy.

UK Parliament legislation

1.5.7 There is currently no UK Parliament legislation that impacts on the Education MEG for 2021-22.

Subordinate legislation

1.5.8 The budget continues to take account of relevant subordinate legislation in 2021-22. 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" are 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.

1.6 Impact of COVID-19

Impact of COVID-19 on the Education MEG in both 2020-21 and 2021-22, including movements in and out of budget lines, the gross contribution to - and receipt from - the Welsh Government's COVID-19 budgetary response, as well as the net effect of this.

1.6.1 **Annex C** provides a summary of the net impact of COVID-19 on the Education MEG in 2020-21 and 2021-22, as a result of contributions to and receipts from the Central Reserve agreed to date. This reflects the return of £46.552m revenue from the Education MEG for release to the centrally held COVID-19 Reserve, as published in the First Supplementary Budget 2020. It also

confirms the additional COVID-19 allocations (£71.4m) and return of capital (£1.5m), published in Second Supplementary Budget 2020-21. Finally, it confirms the further allocations agreed as part of the COVID-19 reconstruction plan published in October, which will be formalised as part of the Third Supplementary Budget. This confirms that the net impact on the Education MEG in 2020-21 is an increase of £100m (£59m resource and £41m capital) from the COVID-19 Reserve. A total of £17m has been allocated in relation to COVID-19 for the Education MEG in 2021-22.

1.6.2 Where we have made savings from existing budgets, we have focussed on those areas where activities were unlikely to be delivered as planned because of the pandemic; where they can be delivered differently at lower cost; or where they can be delayed. Where possible we have tried to protect investment money to enable and support reform activities when the time becomes more appropriate.

1.6.3 Indirect funding was received from the COVID-19 Reserve via Economy and Transport's Economic Resilience Fund, which made the following transfers into the Educaiton MEG (HEFCW Programme expenditure BEL):

- £3m to continue the delivery of degree apprenticeships in Wales; and
- £1.5m to develop a scheme of support that runs parallel to, and shares the ambitions of, the ESF funded Go Wales programme, focusing on students who have graduated during the pandemic.

1.6.4 We have also sought to repurpose funding within the MEG to respond to the COVID-19 pandemic. This includes funding for the Stay Safe, Stay Learning programme and the Hwb EdTech programme (see paragraph 1.6.17 and 1.6.18). We will be continuing to monitor the financial implications of the pandemic and will undertake further re-prioritisations as necessary.

Details of allocations to the COVID-19 'catch-up' programme in 2020-21 and 2021-22 and the uses of this funding.

1.6.5 Welsh Government recognised that most learners have experienced considerable disruption to their learning in 2019/20 academic year, and many will experience gaps in their learning that will need to be filled during the following academic year.

1.6.6 A total of £15.4m was allocated for post-16 catch up funding in 2020-21, with £11.3m allocated to FE colleges and £4.1m to Local Authority sixth forms. This funding was provided to recognise the additional costs of the necessary increased teaching support required by those students who missed face to face learning in 2019/20, plus the additional cost of supporting transition to post-16 learning. The funding will be provided for all full-time learners between 16 and 19 years of age and represents a 5 per cent increase to funding per student. This in turn increases the number of hours we fund from a typical 650 per programme to 682 per programme. Audit guidance in 2020/21 will be reflective of this.

1.6.7 In July, we announced an additional £29m funding to recruit, recover and raise standards in Welsh schools in response to the impact created by the COVID-19 pandemic. Of this investment, £16.8m has been provided in 2020-21 and we are allocating a further £12m in draft Budget for 2021-22. Welsh Government's priority has been to ensure those most in need have access to support. The additional funding is being targeted at years 7,11,12,13 as well as disadvantaged and vulnerable learners of all ages. To further support this programme, funding was also allocated to the regional consortia (£0.233m per consortia) to support the coordination and Professional Learning needs arising.

1.6.8 We are also committing an extra £7m in 2020-21 to provide further resources to local authorities to enable them to focus on the most acutely impacted learners, especially in the 'exam' years 11, 12 and 13. We are also working with the WJEC, regions and schools to ensure learners have access to higher quality e-learning resources to support their preparations for assessment.

Details of the allocations in 2020-21 and 2021-22 to further education institutions to support provision for learners whose course completion has been delayed, and the number of unique learners impacted.

1.6.9 Following Ofqual and Qualifications Wales information on 23 May stating which vocational qualifications could not be calculated/estimated in the same way as GCSEs and A Levels, it was determined that for some qualifications, the only option was to delay the assessment. For example, where there is no way of validly calculating a result, or adapting the assessment in a way that does not undermine confidence in the qualifications.

1.6.10 Up to £5m is being provided in 2020-21 to support these vocational learners that were unable to receive a calculated result and needed to return to college to achieve their licence to practice qualifications.

1.6.11 Colleges have provided data of the learners impacted, which is currently being validated against audited LLWR data held by Welsh Government, with view to making payments to colleges in January 2021. Whilst this data is still being validated, the initial return from college identified 6,917 learners were impacted.

Education-oriented activity related to COVID-19 outside the Education MEG

1.6.12 We are providing significant resources to local authorities to enable them to deliver the services and support that their local communities require. Over £0.5bn is being provided through the Local Government Emergency Hardship Fund within the Housing and Local Government MEG to cover additional costs for this financial year for all service areas as well as supporting lost income. This has provided over £16.6m for additional costs and £22.3m for loss of income incurred by Education services.

1.6.13 To the end of October 2020, £30m had been claimed by local authorities in Wales in 2020-21 to provide free school meals to eligible pupils over the

school holidays and who have been unable to attend school throughout the pandemic.

1.6.14 Ensuring the continuation of free school meal provision has been a key priority for the Welsh Government over the course of the pandemic. Wales has led the way in ensuring that during these times of great uncertainty, those who rely on free school meals have still been able to receive them during the school holidays. Building on the funding I announced this financial year, we will provide an additional £23.3m to extend free school meals in the school holidays for the entirety of 2021-22. This investment will not only help to reduce poverty and health inequalities in our society, but will also provide support for families who are struggling to make ends meet during these difficult times.

Details of any additional funding, or redirection of resources for, remote teaching and learning for school pupils.

1.6.15 The Stay Safe Stay Learning programme was published on 20 April 2020, outlining the priorities of the Welsh Government, and all our partners across the education system, during the COVID-19 pandemic to support:

- the safety of all our learners and our education workforce;
- the physical and mental health and well-being of all our learners and our education workforce;
- the ability of all our learners to keep learning; and
- learners' transition back into school and onto the next phase of their learning.

1.6.16 As part of the Stay Safe, Stay Learning programme, £2m from the Teacher Development and Support BEL was repurposed in 2020-21 to support various elements of work, including:

- £0.435m to fund research to understand the implications resulting from the COVID-19 pandemic on specific areas of the Welsh education system, including the provision of initial teacher education;
- £0.148m to support newly qualified teachers as they transition into a disrupted period of statutory induction;
- £0.025m to cover any copyright or licencing costs arising from making resources available on Hwb;
- £0.1m to deliver online distance learning course on the design, creation and delivery of good quality, asynchronous, distance learning (digital e-learning and paper) resources;
- £0.315m to fund the Welsh Books Council to combine the literacy and health and well-being agendas together to provide a selection of reading books to schools on the theme of health and well-being;
- £0.5m to regional consortia to deliver professional learning; and
- £0.526m to work collaboratively with WJEC to develop teaching and learning resources to support A Level learners.

1.6.17 As part of the Stay Safe, Stay Learning programme, up to £3m was allocated in 2020-21 for digitally excluded learners. The funding was repurposed from the £30m Hwb EdTech Capital funding and supported local authorities to meet

the costs associated with all licenses, hardware and connectivity up to 31 March 2021.

1.6.18 The Welsh Government reacted swiftly to the pandemic by securing a national connectivity deal with major mobile operators for MiFi devices, and established a technical solution that allowed local authorities and schools to repurpose existing devices for use in a learner's home. The ability to purchase replacement devices could also be funded from the wider Hwb EdTech infrastructure programme. The funding helped local authorities to ensure that a lack of access to a laptop or connectivity would not be a barrier to distance learning and enabled learners to continue on their education journey while schools were closed or learners needed to self-isolate.

1.7 Impact of Brexit

Implications for the Education MEG following the end of the EU transition period on 31 December 2020

1.7.1 All the current Research, Development & Innovation (RD&I) operations are funded through the European Regional Development Fund (ERDF) and as such operate under the EU rules. It is not yet clear as to both the process and amount of funds available to Welsh Government, to replace the previous ERDF allocations via the UK Government. Furthermore, with the absence of EU funding will need to be core funded unless alternative UK funding is made available.

EU funding the 2020-21 Education MEG has drawn on and forecast for 2021-22

1.7.2 We have continued to press the UK Government to live up to its manifesto commitments and promises made during the EU referendum campaign that Wales would not be a penny worse off as a result of leaving the EU.

1.7.3 Anything short of full replacement funding based on existing EU funding levels will cause disruption at the end of the transition period, have implications for the economic recovery from COVID-19, and risk the ability to support learners across Wales.

1.7.4 The education sector and skills providers in Wales, who directly receive EU funding via their participation in a range of competitive programmes, including the Horizon 2020 research programme and Erasmus+ mobility programme were expecting the UK Government to make good on their promises, and will be understandably disappointed that these promises have been broken.

1.7.5 We continue to support and work in partnership with the tertiary sector via Higher and Further Education Brexit Working Group, and through regular engagement with individual stakeholders to consider and seek to address the potential impacts of the UK's post transition relationship with the EU. This includes identifying and implementing strategies to maximise the opportunities

available to Wales as we establish new relationships with the EU and other international partners.

1.7.6 The ongoing uncertainty regarding future participation in Erasmus+ or a UK-wide domestic alternative is unsatisfactory. If our future participation in Erasmus+ is not secured, the 2020 UK Government Spending Review allocated funding for a UK-wide domestic alternative, although the level and scope of replacement funding is not yet known. Until the position is clear we are unable to confirm what the future requirement for a contribution to the running costs of administering Erasmus+ or a replacement would be (currently £200k for Wales share of National Agency's management fee for operating the Erasmus+ scheme in Wales).

1.7.7 The £50m European Transition Fund was to support businesses, the third sector, and public services plan and prepare for Brexit. For 2020-21, £1.369m was made available from the European Transition Fund for Global Wales II (within the Higher Education Action), following an allocation from the Fund of £1.382m in 2019-20 (and £800,000 in 2018-19). 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.

1.8 Budget monitoring

1.8.1 All budgets continue to be monitored and challenged on a monthly basis during 2020-21, to consider the latest forecasts and budget movements as necessary. This includes the monitoring of additional funding allocated from the COVID-19 Reserve this financial year. I receive regular financial updates on the forecasts for the MEG to ensure that budgets remain on track to deliver my priorities. We maintain very close monitoring to ensure funding is being invested where best needed whilst supporting our priorities – in the right place, at the right time.

1.8.2 Governance arrangements and structures are in place around the COVID-19 and the Welsh Government response to the crisis. The Minster for Finance and Trefnydd considers COVID-19 related finance issues on a regular basis, with myself and other Ministers involved where required. Those meetings, enable the Minster for Finance and Trefnydd to get a range of advice and perspectives on these issues ahead of taking decisions or providing advice to Cabinet.

1.8.3 There are a number of provisional transfers planned for the Third Supplementary Budget 2020-21 which will impact on the Education MEG and these are summarised in the table below:

Description	BEL	£000
Revenue		
Transfers from COVID-19 Reserves (see Annex C)	Various	37,612
Transfer from Central Reserve - Teachers Pay (pre-16)	Teacher Development and Support	3,981
Transfer from Central Reserve – Teachers pay (Sixth Form)	Further Education Provision	232
Transfer from UK Government – Offender Learning	Offender Learning	3,300
Transfer to the H&LG MEG	Food & Nutrition in Schools	(1,000)
Transfer to the H&LG MEG	Vulnerable Group	(600)
Transfer from H&LG MEG – Youth Homelessness	Youth Engagement & Employment	3,700
Transfer from H&LG MEG - FSM in FE	FE Provision	479
Transfer from E&T MEG – Skills Priority Programme	FE Provision	1,750
Transfer from E&T MEG – Degree Level Apprenticeships	HEFCW Programme Expenditure	4,000
Transfer from E&T MEG – Digital Transformation	Digital Transformation	516
Transfer from HSS MEG – NHS Wales bursary	Student Support Grants	2,800
Transfer from CSA MEG - Invest to Save adjustment – Student finance	SLC/HMRC Administration Costs BEL	74
Transfer from CSA MEG - Invest to Save adjustment- Literacy and Numeracy Tests	Literacy & Numeracy BEL	(2,100)
Total Revenue		**54,744**
Capital		
Transfers from COVID-19 Reserves (see Annex C)	Various	39,360
Transfer to Central Reserve - return for additional Financial Transactions Capital in relation to the Mutual Investment Model	Education Infrastructure BEL	(383)
Transfer from Central Reserve - MIM funding – DBW loan funding (FTC)	Education Infrastructure BEL	783
Total Capital		**39,760**

2. Specific areas

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

2.1 Funding for school budgets

An explanation of how the Welsh Government has prioritised funding for schools in the 2021-22 Draft Budget and taken account of the Sibieta review of school spending, which concluded: "There is now a strong evidence base showing significant benefits from higher school spending. Across a range of contexts and countries, a 10% increase in spending has been found to improve educational and later life earnings by about 7-10%."

2.1.1 When the review of school spending was commissioned last year nobody could have predicted the unprecedented strain the coronavirus pandemic would have on public sector budgets. I am fully aware of the real pressures that local authorities and schools are facing as a consequence. The Welsh Government is doing everything it can to ensure Wales' public services have all the resources they need to respond to, and mitigate the impact of, the

crisis. Now, more than ever, we need to understand the funding decisions made across Wales to secure equity and excellence for our learners.

2.1.2 The main source of funding the Welsh Government provides for schools is to local authorities through the Local Government Settlement Revenue Support Grant (RSG) within the Housing and Local Government MEG. Providing local government with the best possible settlement has been central to our budget preparations again this year. We are providing local government with an uplift of £176m in 2021-22 to support front line services including schools and social services. This builds on a significantly improved settlement in the current year to enable support and delivery of critical and valued local services focusing on schools and social care.

2.1.3 Although the publication of this report was delayed due to COVID-19 and therefore is not impacting directly to allocations in this draft budget, it will now provide evidence to enable policy makers to make informed decisions when considering funding for schools across Wales in the future, continuing our overall aim of improving school standards and reducing inequalities. The findings will be used to aid policymakers to determine whether schools in different circumstances have sufficient funding and how to best target any increases in spending both now and in the future to support our education reforms.

An explanation of how the Welsh Government has taken account in the 2021-22 Draft Budget of two of Luke Sibieta's other recommendations:

- ***The Welsh Government should prioritise extra funding for more deprived schools.***
- ***The Welsh Government should prioritise extra funding for schools with sixth forms.***

2.1.4 It is unacceptable that a child's educational success should be affected by their social or economic circumstances. Countering the effects of disadvantage and deprivation on children and young people is central to our flagship Pupil Development Grant (PDG). The PDG delivers additional funding to schools, early years and other settings to enable disadvantaged learners to achieve their best educational outcomes. The majority of the grant is delivered directly to schools and settings, except the Looked After Children PDG which is managed regionally by the consortia.

2.1.5 We are continuing to increase our investment in the PDG year on year. Since its introduction in 2012, we have made available more than £585 million through the PDG which has supported the equivalent of over 530,000 children and young people to achieve their best educational outcomes. We recognise that the COVID-19 pandemic is having a huge impact on deprived families and placing additional pressure on deprived schools. Increasing the budget allocation for the PDG will enable more support for these vulnerable schools and work to address the increase of learners whose families have fallen into poverty due to the pandemic. We are continuing to invest record levels of investment in the PDG of more than £100m in 2021-22. On top of this, we are

allocating an additional £2m for the PDG-Access, bringing total funding next year to more than £10m.

2.1.6 With regards the school funding review, *Our National Mission* places national importance on school improvement across the system. We have acknowledged the report and discussions are ongoing to consider how the findings will influence the PDG for 2021-22. The PDG allocations are based on the number learners eligible for Free School Meals which is a proxy for deprivation. The Reducing Infant Class Sizes Grant is targeted at schools which meet certain criteria, including those which have high levels of deprivation.

2.1.7 It should be noted that any priority given to extra funding for schools with sixth forms should also be considered with equal priority for 16-19 provision in FE colleges. This reflects Welsh Governments statements of parity between like for like post-16 provision in schools and FE colleges, but also parity between academic and vocational pathways.

2.1.8 The 2021-22 draft budget recognises the priority for 16-19 provision in both schools sixth forms and colleges noting that demographics of this age cohort are increasing and that funding should increase accordingly. For 2021-22, we are providing circa £21.7m in recognition of increased demographic of 16-19 year olds in sixth forms and further education, together with £7m allocated within the MEG to provide further support to sixth forms and FE commitments.

2.1.9 It has been important, not only to recognise the increase in demographics at this age, but also the impacts of COVID-19, and decisions related to COVID-19, are likely to have on the numbers of young people choosing to stay in education. That is, increased GCSE outcomes and a lack of job opportunities indicates that the percentage of this cohort that choose to remain in education will increase**.**

An updated assessment from the Minister on the sufficiency of provision for schools budgets in 2021-22, considering the disruption from COVID-19 and the substantial curriculum and ALN reforms schools will be required to prepare for and implement.

2.1.10 Against the challenging backdrop that this Budget is presented, our spending plans for 2021-22 build on the significantly improved settlement in the current year to enable support for schools budgets and delivery of our front line school services. However providing local government with the best possible settlement also means recognising the full range of specific grants supporting schools. For 2021-22, we are maintaining our investment in specific grants to local authorities within the Education MEG that support schools budgets, with increases for MEGRT and PDG-Access.

2.1.11 As set out in 1.5.1, we are increasing funding in 2021-22 to support implementation of our curriculum reform ambitions. We are also maintaining the £8m allocated in last year's budget to provide continued support for local authorities and Further Education Institutions (section 2.8 refers).

2.1.12 I will continue to review the impact of the pandemic on the organisations that we fund as we move into the next financial year. In order to ensure that any decisions best meet the evolving challenges presented by the pandemic, it is prudent to retain as much flexibility as possible now and allocate funding as and when necessary.

2.2 Funding for school improvement

A detailed breakdown of how the annual element of the Fifth Senedd commitment to £100 million additional investment in schools standards is to be allocated in 2021-22.

2.2.1 We have provided £100m over the course of this Senedd term to raise school standards. For 2021-22, we are continuing to provide a further £25.5m from the Raising School Standards BEL to maintain this commitment to raise school standards. I will provide the Committee with an update on the indicative allocations within the Raising School Standards BEL for 2021-22 once finalised.

A breakdown of how funding under the Fifth Senedd commitment to £100 million additional investment in raising school standards has been allocated and used over the duration of this Senedd.

2.2.2 The breakdown at **Annex D** provides an update on how the £100m has been allocated and across this Senedd 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*.

An update to Table D provided in the annex to the Minister's paper to the Committee on the 2020-21 Draft Budget, listing allocations to BELs supporting the raising of school standards within the Education MEG during this Senedd.

2.2.3 An updated breakdown of all BELs within the Education MEG that contribute to the raising of school standards for the period 2016-17 to 2021-22 is summarised at **Annex E**.

Details of the Regional Consortia School Improvement Grant (RCSIG) allocations in 2020-21 and previous years, as well as any available indicative allocations for 2021-22, broken down by consortium and 'objective' (or other heading, whichever is applicable).

2.2.4 The table at **Annex F** provides a breakdown of the RCSIG for 2020-21 and previous years. An indicative breakdown for 2021-22 is not available at this stage. In 2020-21, delivery partners were asked to identify areas where savings may arise in light of COVID-19 and £4.2m was identified and returned to the COVID-19 Reserve as published in the First Supplementary Budget 2020-21. Welsh Government and delivery partners continue to work together to ensure effective monitoring of the grants and project delivery.

2.2.5 Following Neath Port Talbot's withdrawal from ERW regional consortium in April 2020, Welsh Government provided Neath Port Talbot with a separate grant in 2020-21 to provide support and services to its schools that would previously have come from ERW. ERW and Neath Port Talbot agreed a number of delivery areas (relating to curriculum reform and professional learning) that ERW would continue to provide for Neath Port Talbot schools; in these cases the relevant funding was retained by ERW.

Information on the Education Improvement Grant element of the RCSIG and an update on how the Welsh Government is ensuring this is strategically used and its impact evaluated.

2.2.6 The Education Improvement Grant (EIG) remains part of RCSIG, which is used to support the regional consortia in delivering our priorities for schools and education outlined within *Our National Mission* and its update in October 2020. At the centre of this is a transformational curriculum, supported by four enabling objectives, which the consortia's work must support.

2.2.7 While there is scope for the EIG to be used flexibly by regional consortia to support our national priorities, it remains predominantly focused on the Foundation Phase, support for Welsh in Education Strategic Plans and improving teaching and learning. A minimum delegation rate to schools of 80% must be maintained and assurance on this is sought by Welsh Government.

2.2.8 The terms and conditions of the grant are the mechanism for ensuring adherence to staff to pupil ratios in schools. Consortia are required to determine their distribution formula to schools to support them to deliver the recommended ratios to deliver a high quality Foundation Phase. The funding must also be used to support Foundation Phase practitioners in non-maintained settings to deliver high quality education provision.

2.2.9 Regional consortia are expected to evidence additionality of the funding and its impact. Delivery of the funding is monitored through milestones and key performance indicators outlined in consortia business plans.

2.3 Reducing the impact of deprivation on educational outcomes

Information on how resources within the Education MEG are being used to meet the Welsh Government's long-term commitment to tackle the impact of deprivation on educational outcomes.

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 The PDG provides funding to mitigate the effects of deprivation on education by delivering £1,150 per learner to schools and early years settings.

Additionally, PDG Access directly supports families by providing funding for the purchase of uniform, sports kit and other extra-curricular activity resources at key points in a learner's education including transition from primary to secondary school.

2.3.3 An additional £9.4m was allocated for 2020-21, bringing the PDG to over £100m, and that funding is being maintained for 2021-22. This included £6.6 million additional allocation to the early years PDG (EYPDG). Early intervention has been proven effective at addressing the long-term effects of deprivation on education. Therefore, the EYPDG delivers extra funding to early years at the same rate as PDG funding in schools. Intervening early reduces the chance of a young person requiring costly interventions later in their education journey and leaving secondary education not in education, employment or training (NEET).

2.3.4 Furthermore, every child in Wales – including those who are looked after and formerly looked after – has the right to expect an excellent education regardless of their circumstances. We have supported looked after children in education by some £5 million annually through PDG-LAC. The Regional Education Consortia administer this grant in collaboration with local authorities and schools. PDG-LAC funding is based on £1,150 per looked after child; however the funding is not ring-fenced for each child. This approach enables Consortia, working with partners, to determine the most effective, strategic interventions to support care experienced young people regardless of care or school placement changes.

2.3.5 In 2020, we introduced consortia led funding to support schools. This funding may support individual schools or fund activity at a regional or local level and we have deliberately made this funding flexible to respond to local circumstances affected by the COVID-19 pandemic.

***Details of budget provision for the Pupil Development Grant (PDG) and an updated assessment of its affordability and value for money*.**

2.3.6 In 2020-21 over £92m of the PDG was delegated directly to schools and educational settings, while the remainder was managed by the consortia for PDG LAC, or local authorities for PDG Access. PDG Access is demand led, and early indication from PLASC data reports an increase in demand which has been reflected in an increase in the PDG baseline.

2.3.7 Residual funding is for in year capacity building activities to support disadvantaged learners including the regional consortia Strategic Advisers; retaining the services of the Raising Attainment Advocate (Sir Alasdair MacDonald); and ongoing work for the cost of the school day guides. Due to COVID-19, eFSM numbers have significantly risen and without the increase to the PDG Access budget, we would have to consider lowering the payment per learner.

2.3.8 The PDG budget also provides £0.250m to support Service children in Wales in recognition that children of our Armed Forces can face additional challenges

because of their family's lifestyle – that is frequent school moves and/or a parent being absent on deployment. In 2020-21 the funding is supporting Service children in Wales though a package of universal support provided by SSCE Cymru for all schools in Wales and more focused, targeted support where it is most needed. Funding is dependent upon submission of a support plan, regular update meetings and submission of outcomes achieved. The intention is for this to continue in 2021-22.

2.3.9 To ensure value for money, we continue to emphasise the importance of best practice in use of the PDG. The terms and conditions of the grant require consortia to write a support plan which sets out how they will use the grant for that financial year, including how they will ensure settings use research and evidence to make decisions about the use of the grant. In 2021, we will publish new PDG guidance and will ensure this guidance is accessible for schools by uploading case studies onto Hwb. In the PDG terms and conditions we also require the use of evidence from educational research charities such as the Education Endowment Fund which means educational settings can spend PDG on interventions that will improve the attainment of disadvantaged learners. Furthermore, by maintaining regular conversations with PDG Advisers from consortia, we ensure funding is adapted to local needs and being used effectively on the ground.

2.3.10 The majority of schools now have tracking systems in place and we also have further data sets spanning a number of years which will provide greater rigour, all of which will enable more robust analysis in the future. Consideration will be given as to how we can work with schools to fully utilise the data being collated and strengthen monitoring for future evaluation. Ongoing work to further develop our PDG guidance will consider what more can be done nationally to support this local level monitoring and evaluation. We will also continue the dialogue with experts in the field to determine the feasibility of assessing value for money in this context.

2.3.11 We already encourage schools to adopt whole school approaches, which have the scope to benefit all learners but which ensure the needs of disadvantaged learners are supported. We have also brought in a cluster approach for PDG LAC funding which enables economies of scale but also ensures that all schools have had training if care experienced children join their school. This is an effective way of making best use of finite resources and enables schools, parents and carers to better support individual children, and contribute towards education at school and at home.

Information about the PDG Access fund and how many learner's families have benefitted since it was introduced to replace the School Uniform Grant.

2.3.12 PDG-Access was introduced in 2018/19 to offer families support towards buying uniform and other school and extra-curricular activity equipment. While looked after children have access to the grant for every year they are in school, eFSM learners can access the grant at key transitional points in their education (entering Reception, Year 3, 7 and 10). PDG Access is paid through

local authorities at a rate of £200 for learners starting secondary school, or £125 for all other years.

2.3.13 Since the introduction of this year's PDG Access fund over 23,000 learners have benefitted with further claims due from local authorities in early 2021. PDG Access funding not only helps address the material deficits of poverty, such as inability to afford adequate school uniform, but also supports greater aspiration, cultural enrichment, resilience and wellbeing in disadvantaged learners by encouraging their participation in sport and other extra-curricular activities.

Any other funding within the Education MEG for initiatives to tackle the deprivation / attainment negative correlation, for example holiday hunger and school holiday enrichment projects.

2.3.14 For 2021-22 we will increase our investment in the School Holiday Enrichment Programme (SHEP) by £2.15m, following the additional funding of £1.8m invested in last year's Budget. SHEP provides opportunities for children aged 7-11 years to be more active, eat healthily and develop friendships whilst also making the most of local school facilities in disadvantaged areas during the summer holidays. It supports action to tackle health and educational inequalities and supports action to tackle food poverty during the summer holidays. Taking our total investment to £4.85m in 2021-22, the extra funding will enable the potential extension of the programme to up to 14,000 children.

2.3.15 In 2019 we piloted the use of playwork settings to tackle holiday hunger, and the success of these schemes resulted in the allocation of £1m to support this approach in 2020-21. It was always intended that this funding should sit alongside that allocated through the SHEP. We have retained the £1m allocation for playwork settings to tackle holiday hunger in the budget for 2021-22, however the funding is being transferred from the Education MEG to the Health and Social Services MEG in this draft Budget. We are considering how best to target that funding for 2021-22.

2.3.16 For 2021-22 we will also be maintaining funding to support specific areas of deprivation:

- £0.845m to promote period dignity in the Further Education sector and continue funding for 2021-22 to support women and girls in a way which promotes the Welsh Government's commitment to reduce inequalities;

- Financial Contingency Fund budget to support qualifying learners with additional funding for transport, FSM equivalents and childcare costs.

2.4 Education workforce

D*etails 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 There is dedicated funding within the Teacher Development and Support BEL to support reforms of ITE:

- £1.969m to deliver the new 'alternative' ITE routes (Part-time PGCE and Salaried PGCE) to form part of a coherent suite of high quality routes into teaching under our ITE Reforms. The Part-time PGCE and Salaried PGCE are available from 2020/21 academic year onwards. The budget provides a training grant and salary contribution grant for ITE Students on the employment-based scheme, the Salaried PGCE, delivering priority Secondary subject (Science, Maths and Welsh) teachers into the workforce as well as diversifying the workforce more broadly for those where a full-time ITE programme is not suitable. In addition, the budget has provided for the development and initial implementation of the new routes via our contract with the Open University due to end in February 2021.

- £3.14m to continue to deliver the priority subject incentive scheme to support recruitment into the profession.

- £0.160m has been made available in 2020-21 to support costs relating to developing evidence informed policy to continue to support the Welsh Governments ITE reforms. It is proposed that this funding will continue in 2021-22, with a further £0.160m to support the ongoing research exploring how best to support BAME recruitment into the profession, providing routes for FE Qualified Teachers to gain QTS as well as supporting events to mature and support our fledgling ITE Partnerships.

- £0.5m for the Iaith Athrawon Yfory Welsh-medium incentive scheme which commenced in September 2018, targeted at Welsh speaking student teachers to encourage them to undertake an eligible postgraduate secondary ITE programme enabling them to teach through the medium of Welsh.

- Up to £0.2m has been allocated in 2020-21 for a communications and marketing campaign for Teaching in Wales.

2.4.2 The delivery of high quality professional learning is fundamental to meeting the overarching objective of *Our National Mission* and the implementation of a transformational curriculum from 2022. In 2021-22 we will be allocating nearly £37m from the Teacher Development and Support and Raising School Standards BELs to support the development and delivery of professional learning in accordance with our National Approach for Professional Learning. Funding will be allocated via various routes, including a national network of schools, the regional consortia and universities to support a number of priorities. The key elements of this funding are:

- £15m to be allocated directly to schools to enable them to prepare for the new curriculum. This is in addition to the £31 million investment in professional learning, which has been awarded directly to schools since 2018 (£9m in 2018-19, £15m in 2019-20 and £7m in 2020-21). This funding is consistent with the costs outlined in the RIA of the Curriculum and Assessment (Wales) Bill.
- Approximately £5.5m to be allocated to regions and other stakeholders to continue the Curriculum for Wales Development Programme to equip all schools to realise the new curriculum.
- Approximately £1.3m to continue the National Professional Enquiry Programme to fund universities and a national network of lead enquiry schools to support wider system development.
- £1m to continue to populate the Professional Learning Journey (PLJ) website with a wide range of high quality resources produced in partnership with regions and schools to support the additional professional learning INSET days.
- £2.4m to support the development of the components of the Early Career Support Package, which includes the development and introduction of a national dedicated coaching and mentoring programme and the new Masters programme.
- £6.4m to support Welsh-language and Welsh-medium professional learning.
- £1m to continue to deliver professional learning to those assisting teaching.
- £0.5m to enable our national pedagogy and practice network to continue to facilitate the co-construction of new approaches to teaching and learning that will be required by curriculum reform.
- £0.25m to continue our commitment to develop all schools as learning organisations, to enable them to identify their own strengths and priorities for improvement - including professional learning.
- Approximately £0.8m to develop and implement the National Strategy for Educational Research and Enquiry to support evidence-informed policy, develop a research literate profession, and to develop research capacity within higher education in Wales.
- Approximately £2.7m to fund the National Academy for Educational Leadership and the leadership programmes that have been accredited.

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

2.4.3 Grant funding of £6.294m has been awarded to the Education Workforce Council (EWC) for 2020-21 to support the following activities:

- Administration and notification of Qualified Teacher Status (QTS);
- Induction appeals and certification;
- Administration of the Induction programme for Newly Qualified Teachers in Wales;
- The maintenance and development of the Professional Learning Passport (PLP);

- Promotion of careers in the registered professions;
- BAME teacher recruitment and retention project;
- Secretariat to Welsh Pay and Conditions Review Body;
- Data provision and analysis;
- Registration contribution;
- Initiatives / events to further embed the new ITE programmes and culture within Wales;
- FE and QTS mapping study;
- FE and WBL professional standards project; and
- School teacher and support staff professional standards project

2.4.4 Welsh Government officials will meet with EWC early in 2021 to discuss their grant award for 2021-22. We expect the grant award to be in the region of funding provided for 2020-21 but will be dependent upon future projects in light of COVID-19.

Details of funding for local authorities towards meeting the costs of the teachers' pay award for academic year of 2020/21, including a breakdown between the 2020-21 and 2021-22 financial years and the respective mechanisms used (whether direct grant or incorporated into the local government settlement).

Confirmation of what proportion of the costs of the 2020/21 teachers' pay award the Welsh Government is direct funding. (The Minister's statement of 14 October 2020 referred to £5.5 million for the 2020-21 financial year element, whilst the EM to the School Teachers' Pay and Conditions (Wales) Order 2020 stated an annual cost of £41 million.)

2.4.5 The Explanatory Memorandum to the School Teachers' Pay and Conditions (Wales) Order 2020 projected the cost of the range of increases to teacher pay scales and allowances, totalling an increase of 3.1% of the overall pay bill, would be £41m annually (from the start of the 2020/21 academic year). The equivalent for the seven month period September 2020 to March 2021 is £23.9m, which falls in the 2020-21 financial year.

2.4.6 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 to increase funding for the RSG for 2020-21, was to recognise the impact of teachers' pay. It was therefore anticipated that the costs of the 2020/21 pay award would be met through increased funding allocated to local authorities via the RSG and their ability to raise funding through council tax, however we became aware of the exceptional competing pressures on local authority budgets due to COVID-19.

2.4.7 Based on OBR forecasts of inflation of 2.6%, an additional £18.4m was distributed via the schools services spending area, through the RSG, to reflect the 2020/21 teacher pay increases, alongside the equivalent amount for the 2019/20 pay award falling into the 2020-21 financial year. On 14 October, I announced additional funding of £5.5m in support of the cost of the 2020/21 pay award for the 2020-21 financial year (7 months). This included £3.981m

to recognise the difference between the OBR forecast and the agreed 3.1% for years nursery to year 11, and a further £1.556m to recognise the full 3.1% increase in the post-16 sixth form allocation. The additional funding has been allocated via a direct grant from the Education MEG in 2020-21.

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

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

2.5 Curriculum Reform

Information on funding to support preparations for, and implementation of, the Curriculum for Wales – whether directly related to the Curriculum and Assessment Bill or broader activity.

2.5.1 The funding to support preparations for and implementation of the Curriculum for Wales has been detailed under section 1.5.1 to 1.5.2.

If not included in the above, details of professional learning for the education workforce to prepare for the new curriculum.

2.5.2 The details of professional learning to help prepare practitioners for the new curriculum has been outlined under section 2.4.2.

2.6 Emotional and mental health of children and young people

Information on the financial implications for the Education MEG in 2020-21 of the work to embed a whole-school approach to emotional and mental health, including any funding to support the statutory guidance.

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

2.6.1 In 2020-21 we made a £5m investment to support the wellbeing of learners as part of our Whole School Approach to emotional and mental health. Funding

has been jointly provided from the Education MEG (£2m) and Mental Health, Wellbeing and Welsh Language MEG (£3m) budgets recognising the cross cutting nature of this work and emphasising our commitment to progressing this agenda.

2.6.2 A number of interrelated workstreams have been initiated including:

- Funding to improve and extend the school counselling service. The service sees around 11,500 children and young people each year and in the current year we have invested an additional £1.252m in the service to expand provision and support the service to deliver online counselling as a result of COVID-19. Local authorities inform us this additional investment will enable a further 14,500 counselling sessions in the current year supporting an additional 3,100 children and young people. We have also commissioned Cardiff University to review the efficacy of the existing service and the need to extend age appropriate support below the current Yr6 threshold. The review will report later in 2021. School counselling is also an integral element of the continuum of support available to learners under our whole school approach to wellbeing.
- £0.6m to initiate universal and targeted wellbeing interventions in schools and a further £0.450m to support teacher and other school staff training on wellbeing.
- £0.050m in the current year to support Higher Education Institutions in developing professional learning modules specifically targeted at supporting the COVID-19 response, blended learning and the return to schools from the autumn term.

Details of funding for any additional or tailored initiatives to support children and young people's mental health during the COVID-19 pandemic.

2.6.3 The pandemic is inevitably causing additional anxiety for people of all ages, not least children and young people. We recognise that the emotional and wellbeing implications of COVID-19 are likely to outlast the physical impact of the pandemic, with children and young people affected by bereavement, the economic impact on their families, worries over the impact on their education and worries over their own health and that of families and friends. As such we view our whole school approach to emotional and mental wellbeing work as integral to tackling the impact of COVID-19 in its totality.

2.6.4 For 2021-22, an additional £4m is being allocated for the whole school approach within the Mental Health, Wellbeing and Welsh Language MEG. This additional funding will build on the £5m made available in 2020-21 and will ensure we are able to support all the wellbeing needs, from building resilience to more targeted interventions for learners to ensure their needs can be met outside of specialist services. This provides an overall budget of £9m for the whole school approach to mental health in 2021-22.

2.6.5 In 2020-21 we have allocated £2m to support mental health and wellbeing in the FE sector. In developing the funding model and guidance, officials have worked with HEFCW colleagues to learn from their experience in delivering similar initiatives, and to share detailed information on funded projects.

2.6.6 Part of the funding allocated to the FE sector is dedicated to collaborative projects and we have encouraged joint working across educational sectors. One partnership is working with a university to evaluate the impact of its mental health and wellbeing initiatives; there is scope to extend cross-sector collaboration in future.

2.6.7 A proposed joint project between Welsh Government and HEFCW, to evaluate support for learners' mental health during transition from FE to HE, had to be postponed due to the impact of COVID-19 and the challenges of securing sector staff engagement this year. With mental health funding available in 2021-22, this will be reinstated.

2.6.8 Colleges have submitted monitoring reports on their mental health projects in December 2020 with further reports due in March 2021. We are carrying out a learner survey which includes information on mental health and anxiety. In addition, Estyn is carrying out a thematic review on post-16 learners' mental health and wellbeing during the pandemic, due to report in March 2021. The recommendations will inform future work on wellbeing in the FE sector and help to build an evidence base on "what works".

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

Details of funding for supporting the education of minority Ethnic and Gypsy, Roma and Traveller learners in 2021-22 and how this is being distributed.

2.7.1 The Welsh Government is determined that every child in Wales has the support they need to reach the highest standards of education and to thrive. We are aware of the particular language and cultural barriers children from ethnic minority and Gypsy, Roma and Traveller backgrounds face, which is why it is crucial they receive support to reach their full potential. A total of £11m will be provided to local authorities in 2021-22 via the MEGRT grant to continue to support ethnic minority and Gypsy, Roma and Traveller learners. This is an increase of £1m in recognition of the increase in numbers of minority ethic learners with English as an additional language.

2.7.2 We have developed a positive working relationship with local authorities and through a working group we have co-constructed a revised funding formula and set of principles for the MEGRT grant from 2021-22 onwards. The revised formula and principles more accurately reflect the purpose of the grant and offer a fairer distribution of funding. From 2021-22 the principles of the grant are agreed as:

- inclusion – both into school and the wider community;
- equity – remove barriers and improve life chances;

- removal of barriers to accessing the curriculum - including a focus on language acquisition;
- improving attendance;
- engagement with learners, families and communities;
- training and capacity building in the school workforce;
- integration into education - including a focus on transition into school and between phases;
- supporting transition Post 16 into FE, training or employment.

2.7.3 These principles are all underpinned by the understanding that there should be flexibility for Local Authorities to plan and deliver support based on an assessment of local need. With effect from 2021-22 the funding will be distributed using a formula based on numbers of children with English as an Additional Language (EAL) (excluding Gypsy Roma and Traveller (GRT)), plus numbers of GRT from the Pupil Level Annual School Census (PLASC). The decision to adopt EAL as a basis for the formula was based on research that language acquisition is a key factor in a child's ability to access education and in their attainment.

Confirmation of whether ring-fenced funding will continue for this provision or whether the Welsh Government will be revisiting its previous proposal to mainstream this into local authorities' core activities.

2.7.4 I can confirm we will continue with grant funding on a ring-fenced basis within the Education MEG.

2.8 Additional Learning Needs

An updated assessment of the pressures facing local authorities, schools, and colleges in delivering current SEN/ALN provision, the impact of the additional £9.4 million in 2020-21 and whether further additional funding will be provided in 2021-22.

2.8.1 In last year's budget we provided an additional £8m to local authorities and FE colleges to support children and young people with Additional Learning Needs (ALN). Local authorities will be required to provide a final report at the end of 2020-21 detailing how the funding was utilised. For 2021-22, this funding is being maintained to support local authorities and FE Institutions in meeting the additional costs associated with learners with complex needs and disabilities to succeed. The draft budget includes a transfer of £0.845m from the Additional Learning Needs BEL to the FE Provision BEL, which represents the proportion of the £8m for FE institutions.

2.8.2 Specialist FE provision is essential to ensuring those young people with learning difficulties or disabilities whose needs cannot be met in their local college are able to access further education and training suitable to their needs. Last year we invested an extra £1.4m to support students with learning difficulties, bringing total funding to £13.9m per annum. For 2021-22 we are

maintaining that investment to ensure we are able to meet existing demand for those learners up to the age of 25 who require specialist FE provision in order to access further education.

Information on funding provision for the ALN Transformation Programme and the implementation of the 2018 Act.

2.8.3 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. As outlined in 1.5.6, the costs associated with the ALNET (Wales) Act 2018 and the wider ALN Transformation Programme are £6.9m in 2021-22 (ALN BEL and Raising School Standards BEL).

2.8.4 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. 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.

A confirmation of whether the Welsh Government still believes delivery of the new ALN system will be cost-neutral, based on an expectation that savings from fewer disputes and less conflict will offset the costs of enhanced provision.

2.8.5 Most of the costs relating to the existing systems relate to the making of provision to meet needs. The ALN Act and the ALN Code do not increase need, nor do they require increased provision to be made. The administrative costs associated with the transition from the existing systems to the new one are intended to be covered by the £20m we are investing to facilitate our ALN transformation programme.

The latest position on funding for the training of educational psychologists in Wales and the grant funding arrangement with Cardiff University.

2.8.6 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 for three academic years, until August 2022, with £0.8m allocated from the ALN BEL in 2021-22 to continue this commitment.

2.9 Infant class sizes

Information on budget provision for reducing infant class sizes in 2021-22, including a breakdown of local authority allocations throughout this Senedd term.

2.9.1 £36m (£16m revenue and £20m capital) has been made available over the current Senedd term to reduce infant classes. A breakdown of local authority allocations is provided at **Annex G**. The revenue element was distributed on a formula basis taking into account a combination of the Nursery and Primary School Teaching and Other Services Indicator Based Assessment element of the Standard Spending Assessment (SSA), and the number of 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 class sizes element.

2.9.2 The capital element was subject to a bidding process, where reducing infant class sizes in schools that meet the target criteria is dependent on additional classroom space. 17 local authorities successfully bid for the capital element of the grant.

2.9.3 For 2021-22, we have allocated £6m revenue to provide continued support for class sizes.

An update on the numbers of schools, classes and pupils that have benefitted to date.

2.9.4 The revenue element of the grant is funding 116 additional teachers and 45 additional teaching assistants, which are benefitting 11,000 pupils in 461 infant classes in 123 schools. The £20m capital element of the grant is funding 59 additional classrooms along with improved facilities in 33 schools across Wales. Although a number of capital projects have been completed, some have been delayed due to the impact of COVID-19. Builds are able to continue to completion into the next financial year and will be managed as part of the 21st Century Schools and Colleges budget.

2.9.5 A Reducing Infant Class Sizes Grant progress report 2017-2019 was published by Welsh Government in January 2020 and provides an update on progress we are making to reduce infant class sizes since the grant was launched in April 2017.

2.10 Small and Rural Schools Grant

Information on budget provision for the Small and Rural schools grant in 2021-22, including a breakdown of local authority allocations throughout this Senedd term.

2.10.1 £10m, (£2.5m per annum), has been made available over this Senedd term to support small and rural schools. A breakdown of local authority allocations is provided at **Annex H**. For 2021-22, we have set aside £2.5m to provide continued support for this priority.

2.10.2 The grant is distributed to local authorities on a formula basis with 70% by reference to sparsity and 30% by reference to the number of (primary), schools maintained by the local authority with fewer than 90 pupils.

An update on the number of schools that have benefitted to date and a brief description of the main uses of the grant.

2.10.3 The aim of the grant is to help to address the particular challenges faced by small and rural schools. The key purposes of the grant are therefore to:

- Encourage innovation – including the use of new digital technology to combat the issue of professional isolation by harnessing the power of IT including virtual classrooms.
- Support greater school to school working
- Provide additional administrative support in schools where the head teacher has a significant timetabled teaching commitment of at least 10% of the timetable.
- Increase the community use of school buildings whether for education or non-education purposes

2.10.4 Around 450 schools have benefitted over the four years of the grant. The funding has been used for a wide range of purposes, with the most common use being to support greater school to school working. Schools have worked together on matters of mutual interest, including the digital inclusion strategy. The funding has also been used to develop joint procedures and policies across a number of schools. Others have taken school to school working further by forming federations under one governing body.

2.10.5 The funding has also been used to appoint joint posts for example Conwy has used its allocation to appoint three Higher Level Business Support Officers across 21 of its primary schools in three clusters focussing on higher level administrative functions. One local authority used its funding to employ a community link worker one day a week to increase the community use of school buildings. This has led to the establishment of community Welsh classes, running a community library open to the public and a community playgroup. Schools have used the funding to improve technology for use both by pupils and the wider community use.

2.11 Estyn

Details of Estyn's budget allocation for 2021-22 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.

2.11.1 The total budget allocation for Estyn is maintained in 2021-22 at £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.

2.11.2 Officials have been in discussion with Estyn about the resource implications for them in taking forward the recommendations from 'A Learning

Inspectorate'. Any additional costs to support Estyn will need to be considered during 2021-22.

2.12 Qualifications

Details of the budget allocation to Qualifications Wales in 2021-22, including what recent discussions have been held with the regulator on its required levels of funding and how this compares with previous years.

2.12.1 In 2020-21 we invested an additional £0.981m within the Qualifications Wales BEL in order for Qualifications Wales to begin its long-term programme of work to scope and develop qualifications for the new curriculum. In 2021-22, we are allocating a further £0.369m, taking total funding for Qualifications Wales to support curriculum reform work to £1.35m for 2021-22. This funding, together with an additional non-cash depreciation funding of £0.035m (total non-cash budget of £0.250m), brings the total resource budget for Qualifications Wales to £9.867m for 2021-22.

An update on any additional funding Qualifications Wales is receiving to support its work on qualifications reform in the context of the new Curriculum for Wales and its programme of sector reviews of vocational qualifications.

2.12.2 As outlined above, Qualifications Wales has been allocated an additional £0.369m to support its work on qualifications reform, taking total funding to £1.35m for 2021-22. No additional funding is required for the sector review work which is being more closely aligned with the Curriculum reform work. The funding will support:

- the employment of specialist staff to take forward detailed specific design and assessment work on qualifications for the new curriculum;
- to undertake further consultation on the next phases of curriculum reform (Curriculum Reform work is programmed to continue until 2027-28);
- analysis of consultation exercises;
- survey and research work;
- work on identifying potential costs resulting; as a change in qualifications to awarding bodies and how these may impact on exam centres; and
- professional learning and training of teachers and exam officers in the new range of qualifications.

2.12.3 The latest version of the Qualifications Wales Qualified for the Future consultation on the future range of qualifications at 16 is due to go out to consultation in the New Year. This is the second phase of consultation on Qualifications for the new curriculum but further phases are due to follow on.

2.12.4 The current situation with exams caused by the pandemic continues to make the curriculum reform exercise extremely challenging. As Qualifications Wales' work progresses on qualifications for the new curriculum, proposals will be subject to an RIA and any costs of the new qualifications to awarding bodies, schools and other parts of the sector will be looked at in detail.

Information on any financial implications for Qualifications Wales, or any Welsh Government budgets, from the disruption from COVID-19 and exceptional arrangements for the awarding of qualifications in 2020 and potentially in 2021.

2.12.5 Qualifications Wales have identified slippage for 2020-21 due to reduction in expenditure on travel and subsistence; conferences and external events due to COVID-19. There have also been some delays in appointing staff to work on curriculum reform. So far £0.6m has been reported as an underspend against their 2020-21 budget which is kept under constant review. There has clearly been disruption to learning, assessment and exams due to COVID-19. However, at present Qualifications Wales are working with the Design and Delivery Advisory Group as observers with the WJEC, so that new arrangements are as robust as possible under the circumstances.

2.13 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).

2.13.1 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 a four year period, 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 2021-22.

2.13.2 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.

2.13.3 New WESP regulations came into force in January 2020 requiring local authorities to plan over a longer term (10 years) and to set themselves a more ambitious target to increase the provision of Welsh-medium education in its area in line with *Cymraeg 2050* milestones. Budget is allocated from the Welsh in Education BEL to assist local authorities in their preparation of new 10 year Welsh in Education Strategic Plans (WESPs).

2.13.4 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.

2.13.5 The majority of 46 projects are well underway, with eight projects already complete, and over £16.1m claimed to date. I officially opened, and welcomed new students to Pantycelyn Hall of Residence on 18 September, and look forward to the official opening of Glan-llyn Isa in the New Year. We are expecting the majority of projects to be complete by 2021/22

A outline of how the Welsh in Education budget Action supports the Welsh Government's Welsh Language Strategy and its target of one million Welsh speakers by 2050. A summary of how activity funded under this Action relates to activity funded under the International Relations and the Welsh Language MEG (correct MEG title at time of writing)

2.13.6 The Welsh Government's Welsh Language Strategy, *Cymraeg 2050,* is implemented in partnership across the Welsh Government and with external stakeholders. The Welsh in Education budget, which is being maintained at £12.675m for 2021-22, supports our commitment of one million Welsh speakers by 2050 and supports work undertaken in relation to Theme 1 of the strategy (Increasing the number of Welsh speakers).

2.13.7 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. 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.

2.13.8 Activity within this BEL also supports the work undertaken through the Welsh Language and Welsh Language Commissioner BELs in the Mental Health, Wellbeing and Welsh Language MEG (previously International Relations and the Welsh Language MEG). Funding within this MEG mainly concentrates on Theme 2 (Increasing the use of Welsh) and 3 (Creating favourable conditions – Infrastructure and context) of *Cymraeg 2050*. In order to realise the vision of a million Welsh speakers, we are taking action under all three themes and recognise the interdependencies between them. Work undertaken under Theme 1 creates new speakers and work under Theme 2 and 3 creates

opportunities for the language to be used. For example, the Mental Health, Wellbeing and Welsh Language MEG funds *Cymraeg for Kids* (Cymraeg i Blant) which is designed to help increase the number of children in Welsh-medium education by supporting parents, prospective parents and other family members. It also funds *Siarter Iaith* which 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 or pupils who follow their primary education in London to join a Welsh-medium secondary education when families later relocate to Wales.

Information on any funding allocated to support the realisation of the single continuum for the teaching and learning of Welsh, for example increasing the capacity of the Welsh-speaking education workforce.

2.13.9 Funding for increasing the capacity of the Welsh-speaking education workforce is supported through funding within the Teacher Development and Support BEL and the Raising School Standards BEL.

2.13.10 We continue to provide incentives for student teachers from Wales undertaking Initial Teacher Education (ITE) and I have maintained the Iaith Athrawon Yfory incentive of £5,000 for each student who goes on to teach in Welsh. When set alongside other incentives for Welsh-medium teachers of priority subjects, this means an eligible ITE student could benefit from a total incentive of over £25,000 in 2020/21 and 2021/22 academic years.

2.13.11 A new part-time PGCE and Employment-based ITE Scheme, the Salaried PGCE, have been commissioned to diversify the teaching workforce and support careers into the profession including for the Welsh-medium sector. These are now operational. Part-time students can benefit from our generous student finance package and Salaried PGCE students can receive a training grant as well as their schools receiving a salary contribution grant.

2.13.12 The primary-secondary Welsh-medium conversion programme to provide support for teachers to transfer from teaching in the primary sector to teach in secondary started in September 2020 with 10 teachers taking part in 5 schools. We are currently reviewing the programme to develop proposals for the 2021/22 academic year.

2.13.13 Professional learning is a key feature of our approach to strengthening Welsh-medium teaching capacity and improving the skills of teachers to teach Welsh as part of the new curriculum. We will be developing new proposals for our induction programmes along with professional learning programmes for teachers in their early career years, and we are keen to build on the Welsh language development, and expertise to teach through the medium of Welsh delivered in ITE as part of these programmes.

2.13.14 We also continue to support practitioners to develop their Welsh language skills in accordance with the Professional Standards for Teaching and Leadership through the sabbatical scheme and support delivered by the

regional consortia and in conjunction with other stakeholders. We hope to maintain the same level of funding in 2021-22 to support Welsh-language and Welsh-medium professional learning, which totals £6.4m.

2.13.15 In the update to *Our National Mission* (October 2020), I set out a series of further actions we will take with strategic partners to continue to support schools on the path to reform. One such commitment is establishing a National Network for implementation, made up of practitioners and stakeholders, to share understanding across the profession, gather intelligence and co-construct solutions to implementation barriers. £0.025m has been allocated from Curriculum Review BEL for expert engagement, communications and supporting materials for the National Network, along with £0.096m for practitioner involvement in the National Network.

2.13.16 The Collaboratory will be critical in taking forward the OECD recommendations and *Our National Mission* objectives through overseeing and driving implementation of the curriculum at the national level. It will empower practitioners to build shared understandings, and address common, national barriers to effective curriculum implementation over the short, medium- and longer-term. Through these mechanisms, we will work with partners to support schools to develop curricula that supports progression in Welsh, including how a Welsh language continuum can be achieved.

2.14 Early Years / Foundation Phase

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.

2.14.1 Aligning the Welsh Government's funded childcare provision and the well-established Foundation Phase Nursery (FPN) provision remains pivotal to the continued success of the Welsh Government's Childcare Offer (the Offer). We have recognised that early implementation of the Offer highlighted disparities between the funding rate paid by local authorities for FPN and the childcare element of the Offer.

2.14.2 The impact of introducing a consistent funding rate for the education and care elements of the Offer was tested between January and July 2019 in a pilot project undertaken in partnership with Flintshire County Council. Arad Research was commissioned to undertake an evaluation of the pilot to assess the impact of a consistent funding rate, which was presented to the Welsh Government in December 2019. This work was delayed by the impact of the pandemic and the impact this has had on the education and non-maintained sectors.

2.14.3 Guided by the recommendations, we have worked with the sector and local government to develop detailed financial modelling of the potential additional

costs and considered the best method to ensure that any additional funding would have the desired impact. For 2021-22 the Minister for Health and Social Services and I have identified funding totalling £3.8m (£1.9m equally from the Health and Social Services MEG and Education MEG) to harmonise funding rates in the non-maintained sector. This funding is essential to ensure stability of the current childcare offer and realise our long term vision of delivering an integrated early childhood education and childcare (ECEC) system.

An updated assessment of the financial position of the funded non-maintained nursery sector as it relates to the Education MEG and the Minister for Education's portfolio, including in the context of delivering the new curriculum.

2.14.4 We are committed to ensuring that the many young children who have their first experience of education in a childcare setting should continue to receive the high quality educational provision and that provision continues to be strengthened. We will be developing curriculum and assessment arrangements for non-maintained nursery settings following the high standards of co-construction that has been pivotal to the development of Curriculum for Wales.

2.14.5 This development work has now started. We will be working closely with the non-maintained sector in the development of this work, including childcare practitioners, early years advisory teachers and the national umbrella organisations. We have funded the umbrella organisations - £0.060m in 2019-20 to strengthen their contribution to this development work.

2.14.6 We intend to use the summer term 2021 to pilot the draft curriculum and assessment arrangements, alongside a public consultation to ensure the sector and others are engaged effectively before the final guidance documents are published in the autumn. We are developing our plans for the pilot exercise and anticipate the costs will be around £0.2m.

2.14.7 While the structure and terminology of the new arrangements for nursery settings will be consistent with Curriculum for Wales to ensure a continuum of learning, the key pedagogical principles of the Foundation Phase will remain. We do not therefore anticipate a significant impact on the non-maintained sector in implementing the new curriculum. We will though continue to engage closely with stakeholders to ensure we clearly understand any likely impact and ensure appropriate support can be put in place for the sector.

2.14.8 We recognise that professional learning is critical in supporting the sector before the curriculum becomes a requirement in autumn 2022. We will be working with stakeholders to determine the most effective way of developing an appropriate professional learning package.

2.15 Youth work

Details of the budget provision to support youth service provision including any changes made to reflect the work and recommendations of the Welsh Government's Interim Youth Work Board.

2.15.1 We are maintaining the Youth Engagement and Employment BEL at £7.326m for 2021-22. This budget funds a number of youth support grants to support statutory and voluntary youth services in Wales, including local authorities through the Youth Support Grant, the voluntary sector through the National Voluntary Youth Organisation Grant, CWVYS an umbrella body supporting voluntary sector organisations and ETS Cymru who support the education and qualification of the sector. The funding is playing a pivotal role in securing the implementation of the Youth Work Strategy for Wales. The vital preventative services, which are delivered by both local authorities and the voluntary sector, are increasingly reliant on the development of innovative partnership approaches.

2.15.2 This budget contributes heavily towards 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. This targeted work builds on the successful Youth Engagement and Progression Framework, improving the ability of local authorities and their partners to identify and broker interventions for those most in need at the earliest opportunity. Our investment is intended to encourage greater collaboration and new ways of working. This budget includes the continuation of £2.5m targeted funding to support young people with emotional wellbeing or mental health needs through non-clinical approaches and community based youth work support.

2.15.3 The budget will continue to support the work of the Interim Youth Work Board (IYWB) in developing a sustainable model for youth work including engagement with young people, through a newly established young person's committee and the youth work sector through its Strategy Participation Groups, which have developed workplans to deliver the aims of the Youth Work Strategy for Wales (2019). The IYWB will be publishing their interim report 'Time to Deliver for Young People in Wales' in January 2021.

2.16 Offender Learning

***Details of provision in 2021-22 and how this compares to previous years*.**

2.16.1 The Welsh Government annually 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).

2.16.2 In 2021-22, a budget of £3.328m will be allocated to HMPPS to support the provision of prisoner learning and skills in public sector prisons in South Wales. This budget remains the same as that in 2020-21.

2.16.3 Education and learning at HMP Berwyn is provided under contract by Novus Cambria and separate arrangements are in place for its funding to that of the other public sector prisons in Wales. Contract costs are agreed annually and money transferred from Ministry of Justice to the Welsh Government constitutes part of the contract costs and it is the responsibility of HMPPS to fund any residual costs. Under the terms of the Memorandum of Understanding (MoU) between Welsh Government and HMPPS, HMPPS has the lead responsibility for the contract management of the learning and skills services delivered at HMP Berwyn. For 2020-21, the Welsh Government received an in-year transfer of £3.3 million from HMPPS to pay Novus Cambria for education and learning delivery. A similar level is expected in 2021-22 however this has not yet been agreed.

2.16.4 The current arrangement 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, with a key focus on providing the support people need in order to access jobs, and is taking forward a number of recommendations in the Hanson Review of Education in Prisons. 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.

2.16.5 We know that providing access to good quality education, skills and employment is a major contributing factor to reducing reoffending rates and we are committed to delivering an offender education and employment programme that supports an effective pathway out of crime. This includes the development of an offender learning policy, and an accredited and Credit and Qualifications Framework for Wales (CQFW) recognised female offender pathway, developed with input from offenders and ex-offenders.

2.16.6 Welsh Government recognises that a different approach is required to assist our Youth and Female offenders who are in or at risk of entering the criminal justice system. Our blueprints are ambitions, and will take time to deliver. That said, progress is already in place to enable the delivery of short, medium and long term goals within the blueprints.

2.16.7 Our aspiration is to develop a Female and Youth justice system which treats all with fairness and respect while focusing on early intervention and prevention.

2.16.8 We are working closely with colleagues in HMPPS to ensure that learners in prison continue to have access to education and skills materials during these challenging times.

2.16.9 We are also working with HMPPS on their proposals for the future provision of learning and skills at HMP Parc as part of the HMP/YOI[5] Parc Expiry and Transition Project, as the current contracts expire in December 2022. We want to ensure the provision is developed in line with the Welsh Government devolved competencies in the areas of education and skills.

2.17 Further education, Sixth Forms and Adult Community Learning

Details of the complete 2020/21 allocations to further education colleges, to include the amounts of all 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).

2.17.1 This information has been provided at **Annex I**.

Details of changes to the further education funding model (if any) from the model provided to the Committee in your paper dated 08 Jan 2020 and the reason for any changes.

2.17.2 When calculating FE funding the same model as presented in the paper dated 8 January 2020 will be used.

2.17.3 There will be one small, planned, change to the method of deriving predicted learners by including a 3 year average (last year a 2 year average was applied). This is due to Welsh Government holding the relevant data for the last 3 years and the change brings the FE funding methodology fully in line with the school sixth form funding methodology, which has used a 3 year average for several years now.

Details of any hypothecated funding to further education institutions or Sixth Forms beyond their usual core grants.

2.17.4 With regard to 2021-22 budget, at the time of writing the post-16 allocations have not yet been agreed. This, in the main, is due to final datasets still being verified. We will provide the Committee with an update on further hypothecated grants once allocations have been agreed and finalised.

Details of any funding provided in the 2021-22 budget for achieving pay parity and/or to meet any pay award to further education institutions and Sixth Forms, including an explanation as to the sufficiency of the funding to meet in full any agreed pay award / pay equivalency over the period of this budget.

2.17.5 At the time of writing the post-16 allocations 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.

[5] Young Offenders' Institution

Details of the complete 2021-22 Sixth Form allocation broken down by each local authority, and the full list of programme values for 2020-21 and 2021-22 used in the calculation of the Sixth Form grant allocations.

2.17.6 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.

2.17.7 Similarly the 2021-22 programme values, which are a core part of the allocations have not yet been agreed. A full list of 2020-21 programme values have been attached at **Annex I**.

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

2.17.8 As a result of the impact of COVID-19 it was agreed with the sector not to commission the 2020 FE financial Forecasting exercise due to the large number of uncertainties that existed in the early stages of the lockdown, as well as the resource requirements that would have been placed upon FE finance staff during the exercise, which could have been better deployed on other activities. During the lockdown period, Welsh Government staff have worked closely with the FE Finance Directors' Group in ensuring the Financial Health of the sector.

2.17.9 Once the economic outlook has stabilised and significant uncertainties disappeared, we will look to undertake the exercise and will provide suitable planning assumptions to the FEIs in order that they can prepare their forecasts.

A step-by-step explanation of the funding model for Adult Community Learning announced in July 2019, and the allocation for Adult Community Learning broken down by the relevant bodies that directly receive the funding.

2.17.10 For the purposes of the 2020-21 allocation, each Local Authority received 5/12 of their allocation based on the existing methodology covering the remainder of the academic year from April 2020 to August 2020 with the remaining 7/12 of the allocation based on the new methodology covering September 2020 to March 2021 of the 2020/21 academic year.

2.17.11 The new methodology pro-rates the overall allocation to each Local Authority based on the numbers of learners within each area that hold a level 1 or below as their highest qualification. While it is recognised that this new methodology results in some large shifts in funding between Local Authorities, it does ensure a more equitable approach in line with the recommendations of the Adult Learning consultation, by ensuring the population of Wales (that hold a level 1 or below as their highest qualification) each have an equitable opportunity regardless of local authority of domicile.

2.17.12 We appreciate that moving to the new funding allocations needs to be planned carefully. Consequently, we have included transition elements to ensure that no Local Authority's allocation decreased by more than 5% when compared to 2019-20; and have placed a cap to ensure that no Local Authority's allocation increases by more than 50% (or £50,000 max).

2.17.13 Officials are working closely with the adult learning sector to discuss tailored transitions to achieve the new levels of funding.

2.17.14 ACL allocations for 2020-21 are included at **Annex I**.

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

Details of the HEFCW allocation, including details of any hypothecated funding, or funding which is intended for specific activities including mental health and student well-being.

2.18.1 The revised total budget for HEFCW, as per the 2020-21 Second Supplementary Budget is set out in the table below:

BEL Name	**2020-21 £000**
HEFCW Revenue Expenditure	193,357
HEFCW Depreciation	90
Education Infrastructure (capital expenditure via Education Infrastructure BEL)	10,000
Total	**203,447**

2.18.2 HEFCW was issued with an interim funding letter in April 2020 advising them of an indicative 2020-21 grant in aid allocation of £172m to support higher education in Wales. In terms of the priorities, the Council was advised – "The priorities we have focussed on in recent years – FE-HE collaboration; co-operation between the sector and business and industry; and building a sector that has civic responsibility at its heart – will be crucial in supporting the national effort to deal with the outbreak and I look to the Council to continue to prioritise these areas of activity."

2.18.3 HEFCW's remit letter was issued in August which allocated a further £31.5m to establish an Investment and Recovery Fund (£27m), provide support for an expanded Go Wales programme (£1.5m) and funding for the delivery of degree apprenticeships in Wales (£3m).

2.18.4 The priorities for the Investment and Recovery Fund were as follows:

- Maintaining capacity across the HE system in Wales in priority areas of teaching and research which need to be maintained through the 2020/21 academic year where HEFCW has identified such provision is under threat due to shortfalls in domestic and international student recruitment. I would like

HEFCW to ensure it has assessed how such provision can continue to be sustainable in the long-term.

- Priority recovery and investment projects in teaching and research, particularly tied to the Welsh Government's priorities for economic recovery, stabilisation and reconstruction, including artificial intelligence research, development of digital technologies, and green technologies.
- Investment in learning technologies and blended learning facilities, including expansion of online provision and parallel developments in digital inclusion and reach, to ensure maintenance of the quality of student experience in Welsh universities, with the goal of maintaining Welsh universities' traditionally strong performance in student experience surveys.
- Support the extension of at-risk skills and research contracts which universities hold with businesses to support jobs and knowledge exchange.
- Student hardship funds to be allocated by HEFCW to institutions, and by institutions to students, on the basis of urgent financial need.
- Facilitating institutions to review their portfolio offer and to advise their governors on its future development.

2.18.5 In 2021-22, reflecting the ongoing impact of COVID-19, and in line with Diamond reforms, HEFCW's indicative allocation will be £201m. This comprises a flat budget, excluding allocations from the COVID-19 reserve, with additional investment from student support savings.

Regarding the Diamond reforms: set out the expected level of student financial support saving for 2021-22 compared to 2020-21 and the proportion of this sum that will be reinvested back into the higher education sector as part of the "Diamond Dividend".

2.18.6 £25m in 2021-22 has been identified and this will be wholly reinvested into the higher education sector, implementing the recommendations of the final phase of the Diamond review as agreed by Cabinet. This includes additional funding for expensive subjects (part time and full time), expansion and maintenance of part time, increases in QR and increase in provision of knowledge transfer, (an integral part of the Welsh Government response to the Reid review) and increased collaboration between HE, FE and Schools.

2.18.7 In 2020-21 the intention had been to allocate additional funding of £35m to HEFCW as a recurrent allocation providing them with the funding necessary to take forward the next phase of the Diamond reforms. However, following the budget re-prioritisation exercise HEFCW's Programme Expenditure BEL was reduced by £16.3m, which meant HEFCW has had to adjust their planned investments in some of those activities in 2020-21. However, HEFCW have subsequently been allocated additional funding of £41.5m to help the sector in mitigating the effects of the pandemic, support the wider economic recovery and to provide additional support for student health and well-being and hardship funds.

Details of any 2021-22 allocation intended for the delivery of degree apprenticeships and if it is intended to be used to recruit new apprentices or to just teach out existing apprentices.

2.18.8 £5m is included in the HEFCW baseline to support Degree level Apprenticeships. It is anticipated that further funding will be transferred in year from the Economy and Transport MEG (as part of the supplementary budget process) to support the cost of new and continuing Degree Apprenticeships in 2021-22, the cost is not confirmed at this stage.

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

2.18.9 The three year capital funding commitment (£10m a year from 2018-19 to 2020-21) to provide funding to support institutions in reducing their financial risks associated with estates and to realise efficiencies in the management of their estates and operations, has been extended for a further year. A further £10m capital has been allocated for 2021-22.

Grants: A table showing the 2019-20 outturn, and forecast expenditure over the following four years (broken down by students studying in Wales and elsewhere in the UK) for:

- ***Full-time undergraduate (FTUG) Tuition Fee Grant;***
- ***FTUG Maintenance Grant;***
- ***Part-time undergraduate (PTUG) Tuition Fee Grant;***
- ***PTUG Maintenance Grant;***
- ***Masters Finance grant element;***
- ***Education Maintenance Allowance (EMA);***
- ***Welsh Government Learning Grant (Further Education) (WGLG(FE)); and***
- ***Targeted grants and allowances.***

2.18.10 This information has been provided for in **Annex J**.

Loans provision: A table showing the 2019-20 outturn, and forecast loan outlay over the following for years (broken down by students studying in Wales and elsewhere in the UK) 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; and***
- ***Doctoral loan outlay and RAB charge.***

2.18.11 This information has been provided at **Annex J.**

2.19 Other post-16 education provision

Details of Personal Learning Account funding

2.19.1 The Personal Learning Accounts, a £17.4m programme for 2021-22, provides support to employed people, furloughed workers or individuals that have been negatively impacted by COVID-19 gain higher level skills and qualifications in priority sectors, empowering individuals to take responsibility for their learning. This approach opens up opportunities for people to switch careers or upskill in their chosen occupation.

2.19.2 The courses and qualifications are fully funded by the Welsh Government; they are delivered by colleges and provide each individual with a workable plan that is manageable around their existing commitments to help them achieve their future career goals. The programme will help employers rebuild their businesses through skills and training in areas such as digital, marketing, production and management.

2.19.3 This new flexible approach to learning enables colleges to work differently to offer courses and qualifications to address the economic skills requirements for employed people regardless of their previous level of qualification achievement.

2.19.4 Welsh Government has taken forward a gender focussed approach in the roll out of the Personal Learning Accounts (PLA) to date. This approach has intended to help identify and understand potential different impacts, including unintended impacts, to improve how we prioritise and allocate resources. Work has been commissioned from the Learning and Work Institute to understand and explore the ongoing take-up of the offer, and identify any unintended barriers for groups with protected characteristics. Findings from this work will be made available in early 2021.

Individuals must:

- Live in Wales
- Want to gain skills/qualifications in priority sectors
- 19 years old or over

2.19.5 In addition, individuals must meet at least one of the following criteria:

- Employed people (including self-employed) earning under the median income (£26,000), or
- Furloughed workers, or
- Workers on zero hours contracts, or
- Agency staff, or
- At risk of being made redundant, or
- Have been negatively impacted by COVID-19

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

2.19.6 The overall funding for the Coleg Cymraeg Cenedlaethol is £6.243m. This includes £5.4m for the Coleg and £0.330m for its Welsh-medium scholarship scheme in HE. For post-16, a total of £0.513m is allocated to support the Further Education and Apprenticeships Welsh-medium Action Plan.

2.20 Research and innovation, and science

Details of the funding for research and innovation across the whole of Welsh Government. Welsh Government told the Committee during 2020-21 budget scrutiny that "it's not wholly clear at the moment how much Government funding is going into research and innovation" and that once known, this information would be passed to the Committee.

2.20.1 Due to the COVID-19 pandemic the Welsh Government has had to reprioritise its efforts to deal with this exceptionally challenging pandemic and the impacts to our society and economy at all levels with significant implications to all respective Ministerial responsibilities. Therefore I can only relate the position as it applies to my own portfolio responsibilities. The gross funding for Research and Development within my portfolio for 2021-22 is £22.6m.

Details regarding the support for:

- ***Chief Scientific Advisor and their office;***
- ***research and innovation activity for business and industry; and***
- ***the Life sciences.***

Chief Scientific Advisor and their office:

2.20.2 Total funding currently proposed for 2021-22 for the Chief Scientific Adviser and the Office for Science is broken down as follows:

Office for Science budget	**2021-22**
Capital	£000
Sêr Cymru II+	439
Sêr Cymru III	5,236
Total	**5,675**
Revenue	
Project support & facilitation	520
Trio Sci Cymru	330
Wellbeing & Marketing inc Brexit support & preparedness funding	500
Total	**1,350**

2.20.3 As part of the response to COVID-19, the Chief Scientific Adviser for Wales and staff within his team have since March endeavoured to support their colleagues in Health.

2.20.4 In addition, the Welsh Government Office for Science (WGOS) held a research call, via the Sêr Cymru Programme, for applications from Welsh Universities for novel research proposals that could contribute to or boost the advancement of research that impacts COVID-19. As well as helping to address priority issues regarding COVID-19, this activity also aimed to support and exploit the expertise and talent within our university sector. This initiative has enabled support for a total of 39 projects with a total allocation of £2.9m.

2.20.5 Universities have responded well to the Sêr Cymru 'Tackling COVID-19' research call and prioritised resource to help with the COVID-19 pandemic and its effects but they have also experienced episodes of delay to their overall research when academics have been unable to access laboratory space during lock-down periods.

2.20.6 Collectively these different circumstances will mean that some of Universities' commitments to broader projects, such as those supported by the Sêr Cymru more generally will inevitably slow down. This will push back commitments increasingly to the latter years of the current Programme. It is felt this will recover over time providing we can maintain sufficient funding and resource to continue to manage and support the Sêr Cymru Programme and its beneficiaries in very challenging economic times. The Sêr Cymru programme has, over the past 7 years, supported: three research networks, 12 Research Chairs, 11 'Rising Stars', more than 115 Research Fellows and in the region of 340 PhD students and postdoctoral researchers in Wales, from 29 countries, with a total investment of £100m.

2.20.7 Work is on-going to build on and develop a future phase Sêr Cymru for consideration. This phase will build on lessons learnt including from the response to the COVID-19 pandemic. However proposals may be financially constrained given the on-going lack of clarity from the UK Government on the Shared Prosperity Fund given research and innovation has historically drawn on the access Wales has had to EU Structural funds.

Research and innovation activity for business and industry

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

SMART Performance Achievements to Date	**Units**
Enterprises Receiving Non-Financial Support	463
Specialist Advice That Begin a New Product or Process	299
Patents Registered	39
Number of enterprises/partners cooperating with supported research institutions	108
Employment increase in supported enterprises.	351
New to the market products	122
New to the firm products	423
Private sector investment (£m)	**£55.7m**

2.20.9 Total SMART Funding for Business Innovation Activity 2014-2020 (though individual projects will run to 2023, but within the existing budget lines).

	Welsh Government	ERDF	Private Sector	Total
SMART Innovation	£7.5m	£11.0m	-	£18.5m
SMART Cymru	-	£27.3m	£36.1m	£63.4m
SMART Expertise	£1.3m	£30.3m	£19.7m	£51.3m
Total	**£8.8m**	**£68.6m**	**£55.7m**	**£133.1m**
Total per Annum	**£1.2m**	**£9.8m**	**£8.0m**	**£19.0m**

2.20.10 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.

2.20.11 The SMART programmes support Welsh business by:

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- ***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.

Life Sciences

2.20.12 Total funding currently proposed for 2021-22 for the Life Sciences Hub Wales is split equally between Education and Health & Social Services.

2.20.13 The Hub is an important delivery arm for progressing other important shared priorities. It is one of the leading mechanisms in delivering the principles of joint stakeholder working and portfolio integration as outlined in Prosperity for All and A Healthier Wales, key national strategies.

2.20.14 At the start of the current funding period, the Minister for Health & Social Services and I approved the Hub's business plan for 2020/21 with a focus on 5 key impact areas:-

- Advanced Therapeutic Medicinal Products (ATMP)
- Digital, AI and Robotics
- Healthy Ageing
- Intensive Learning Academies/ Value Based Healthcare
- Precision Medicine

2.20.15 In the reporting period April to September the Hub activity has led to a series of positive outcomes which have delivered 417 jobs assisted and new contracts to the value of £4.65m for Welsh life sciences businesses.

2.20.16 The COVID-19 pandemic has seen the LSH Wales take a pivotal role in how industry engages with the NHS in Wales. The organisation effectively became the main access point for businesses wishing to supply potential solutions to address product and service demands created by the pandemic. It has done this by providing an effective triage process for the validation of all potential suppliers with onward referral to NHSW SSP, Industry Wales, Welsh Government and Public Health Wales. This activity remains ongoing and will continue into 2021/22, alongside its key impact areas.

2.20.17 By August 2020 this saw 2,220 enquiries received from businesses as a result of the LSH Wales COVID-19 industry call and events. Over 550 businesses passed initial due diligence by the Hub Team prior to referral as product supply opportunities. For example, working alongside economy colleagues in ESNR, the Hub has been able to support companies such as BCB International a 160 year old, Welsh manufacturer of protective equipment for defence, marine and adventure markets. The company switched production at its Llanelli site to produce high strength hand sanitiser and PPE equipment, receiving over £2.2m in orders. It has supplied 4 new products to the medical and health sector in Wales and has assisted 100 jobs as a result.

2.20.18 The LSH Wales is also the lead partner in a £24 million collaboration with the Welsh HE sector supported by Welsh Government and WEFO. The partnership with Cardiff University, Swansea University and University of Wales Trinity Saint David offers the opportunity to tap into academic expertise, a thorough understanding of the life sciences ecosystem, and the latest facilities needed by innovators and entrepreneurs to realise their ideas.

2.21 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; and***
- ***the latest position regarding Band B of the programme.***

2.21.1 Band A is drawing to a close having invested £1.61bn in the infrastructure of schools and colleges with in Wales, with the Welsh Government investing £801m. This investment has delivered 170 projects against a target of 150. Of these projects 163 have been completed, with the remainder still under construction.

2.21.2 Band B is well under way having officially commenced in April 2019. To date, investment of £448m has been approved across 43 projects, with the Welsh Government contributing £295m. Of the 43 approved projects 27 are under construction and 12 are in the preconstruction stage. I am pleased to report 4 projects have also been completed.

Any implications from COVID-19 for the 21st Century Schools programme, including any impact on the progress of projects.

2.21.3 The pandemic has inevitably affected the programme with construction slowing and even halting on some projects during April and May. Having spoken to delivery partners we have been able to keep abreast of this and at the start of the year it was agreed to pay projects, monthly, on profile to stimulate the construction sector during the difficult period.

2.21.4 During our discussions with the delivery partners it has become clear that costs are rising on projects, not just currently but also in the future, as a result of COVID-19. Contractors are needing to enhance site safety to meet with social distancing guidance. There has also been an increase in supply chain costs. Whilst exact figures of the increase is unknown for Wales at present, it is estimated the construction sector will see an uplift of around 15% in costs as a result.

2.21.5 To support these additional costs, we secured an additional £30m for the programme from the COVID-19 resilience fund. This funding is to help cover costs incurred as a result of the pandemic, but also to start funding Net Zero Carbon costs. We are currently assessing bids from delivery partners for this funding. There has been a further £40m uplift to the programme for 2021-22, of which £5m is to support the Net Zero Carbon pilot.

2.22 Capital funding for childcare

An update on capital funding from the Education MEG for the Childcare Offer and any information as to how this has been / will be impacted as a result of the

review of entitlement to the offer, as announced in paragraph 368 of the Record of Proceedings 24 September 2019.

2.22.1 In 2021-22, we are maintaining the additional £10m investment allocated in last year's budget to support in Flying Start and Childcare Offer capital, to further improve the quality of childcare settings across Wales. This includes £5m for the Childcare Offer which brings total capital investment in the Childcare Offer to £45m for 2021-22, totalling £75m over the four year period 2018-19 to 2021-22.

2.22.2 The outcome of the review of entitlement to the Childcare Offer for Parents in Training and Education has yet to be finalised and, combined with the Childcare Offer being a demand led programme, it is currently too early to predict the impact on capital funding. The £75m investment to date is already fully committed but as the £5m has been maintained in the baseline this funding will contribute towards any additional children becoming eligible. Currently, we have allocated £6m more than our capital budget. This is a prudent sum as it covers a number of years, allows for growth in the budget over that period and accepts that capital projects can change in size and scope, and some may not progress.

2.22.3 The additional funding for 2021-22 will assist us to continue the co-location of existing early education provision with the new childcare offer provision on a single site, wherever possible, supporting a joined up approach to working with children and their families. It will 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.

2.22.4 Our capital investment includes a small grant allocation of £8.4 million to local authorities across Wales. This enables childcare providers to apply directly to their local authority for up to £10,000 for smaller projects, such as refurbishment work, to replace worn items and improve existing facilities. We also provided an additional £2m during 2020-21 to specifically help childcare settings with adaptations to manage the pandemic requirements.

2.22.5 The Childcare Offer, 21st Century Schools, Flying Start and Welsh-medium capital grants are delivered collaboratively to ensure a joined up approach to the management of our capital programmes. Our capital programme is contributing to the Welsh Government aim of one million Welsh speakers by 2050, with 49% of the Childcare Offer capital invested for Welsh medium and nearly 6% for bilingual childcare provision.

2.22.6 Alongside this we are investing £5.5m capital in 2021-22 in Flying Start to ensure the current Flying Start estate is maintained and is able to continue to deliver the highest standards of care. It will also allow Flying Start to contribute to the development of integrated co-located Early Years facilities as part of the wider Early Years Transformation Programme.

2.23 Capital funding for the Community Focused Schools initiative

Information on budget provision for the Community Hubs and Community Learning Centres grant and an update on progress in increasing the community focused nature of education estates.

2.23.1 The Community Hubs programme is progressing well, 4 of the 21 one approved projects have been completed with 10 under construction and 7 at preconstruction stage. All projects are on track to complete during 2021-22 with a budget of £12.5m allocated to support delivery. Delivery partners are already including community aspects in to their 21st Century Schools and Colleges projects which should increase delivery of provision.

Summary

The Education MEG Draft Budget for 2021-22 is presented to the Committee for consideration.

Kirsty Williams MS
Minister for Education

ANNEX A – Action level commentary within the MEG

As requested by the Committee a commentary of draft budget changes by Action within the Education MEG is provided below. It reflects budgets published in the First and Second Supplementary Budget for 2020-21 and changes for 2021-22 compared to the 2020-21 baseline (based on Final Budget 2020-21 subject to changes outlined in paragraphs 1.1.2 and 1.1.5 of the evidence paper).

Literacy and Numeracy Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
6,356	6,356	4,456	(285)	4,171

- Funding within this Action supports the implementation of actions set out in the National Literacy and Numeracy Programme. The budget also supports the development and delivery of the National Reading and Numeracy Tests and the phasing in of online adaptive assessments.

- In order to facilitate the transition from paper-based tests to online adaptive assessments, Invest to Save funding totalling £5m was received between 2016-17 and 2019-20. This will be repaid from 2021-22 until 2024-25 based on the current repayment schedule. The baseline for 2020-21 reflects the removal of £2.1m for Invest to Save funding for 2019-20 that was not adjusted for in Final Budget 2020-21. The decrease of £0.285m reflects the first year's repayment of Invest to Save funding.

Curriculum Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
10,053	10,053	13,080	8,900	21,980

- This Action is made up of the Foundation phase BEL (policy work only, the delivery funding now sits in the Education Improvement Grant within the Education Standards Action), the Curriculum and Assessment BEL and the Curriculum Review. The budget increases by £8.9m compared to the 2021-22 baseline. The £7.9m increase to the Curriculum Review BEL in 2021-22 provides additional support for curriculum reform in 2021-22 (further detail in 1.5.1-1.5.2 of the evidence paper).

- There has also been a £1m increase to the Curriculum and Assessment BEL as a contribution to the costs associated with aligning the funding rates for education in the Foundation Phase and childcare through the Childcare Offer. Total funding of £3.8m (being split equally between the Education MEG and Health and Social

Services MEG) has been identified in 2021-22. Further detail is outlined in section 2.14 of the evidence paper. The remaining £0.9m has been identified through existing provision within the Curriculum and Assessment BEL.

Teaching and Leadership Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
31,895	31,895	38,914	-	38,914

- The budget supports funding for Initial Teacher Education (ITE) including the new 'alternative' ITE routes, the Part-time PGCE and Salaried PGCE available from 2020/21 academic year, where a training grant and salary contribution grant is provided for ITE students. The budget also provides funding for Teacher Training incentives (both PGCE HE and FE) and continuing professional development for teaching professionals, including professional learning to prepare schools for the new curriculum. It also funds the Education Workforce Council for administration of Qualified Teacher Status and the Induction Programme in schools, including distribution of funding to support NQT mentoring and support.

- There are no changes proposed to this budget for 2021-22 (further details outlined in section 2.4 of the evidence paper).

Qualifications Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
9,463	9,463	9,463	404	9,867

- The resource budget for Qualifications Wales has increased by £0.404m in 2021-22; £0.369m to contribute to the reform programme alongside its existing priorities; and £0.035m additional non-cash for depreciation (further details in section 2.12 of the evidence paper).

Post-16 Education Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
459,377	487,711	460,326	39,980	500,306

- This Action (Further Education Provision BEL) includes funding for provision of AS, A levels and wide range of vocational programmes to 16-19 year olds in Local Authority Sixth forms and FE colleges. It also provides adult part time

provision (primarily provision of Basic Skills and English for Speakers of Other Languages (ESOL), in FE Colleges and Local Authority Community Learning venues. The action also supports strategic projects and quality improvement activities designed to improve the delivery of post 16 learning in Wales including support for quality improvement, capacity building and research for the learning and skills sector, The Learning and Work Institute grant funding (including Adult Learners Week), developing Careers policy, funding to support the delivery of the Seren network, supporting progression to Sutton Trust universities for the brightest learners; and Erasmus activities to support international mobility for staff and students.

- The budget for Post 16 Education Action has increased by £39.98m for 2021-22 due to the following allocations:
  - £5m for FE reconstruction funding;
  - £21.745m to reflect the increase in FE and Sixth form demographics;
  - £5.39m to fund Personal Learning Accounts;
  - £7.0m transfer from the Student Support Grants BEL; and
  - £0.845m transfer from the Additional Learning Needs BEL, representing the proportion of £8m Additional Learning Needs funding for FE institutions.

Higher Education Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
161,947	193,477	176,878	25,025	201,903

- **HEFCW programme Expenditure BEL** - This budget contains Grant in Aid funding for HEFCW to deliver the Welsh Government priorities as set out in the Annual Remit letter. The current priorities continue the focus on: widening access; expansion and enhancement of part-time provision and quality research; promoting greater collaboration across HE and FE and a commitment to planning of HE delivery on a regional basis; the delivery of degree apprenticeships in Wales; contributing to the education and professional development of teachers through close university-school engagement; growing the civic mission of HE in Wales; tackling pay inequality and supporting the delivery of the Welsh Government's wider fair work practices; HE Regulation, enhancing the student experience and student outcomes; well-being, including working with partners on addressing adverse factors affecting mental health; and making a contribution to the Welsh Government's efforts to address climate change and decarbonise our economy. HEFCW will also be taking forward work to support the implementation of the second phase of Diamond and to help progress our proposals to establish a Commission for Tertiary Education and Research by, for example, developing stronger links with the wider PCET sector.

- The budget for the Higher Education Action has increased by £25.025m in 2021-22 compared to the 2021-22 baseline. A £25m increase is due to a transfer of budgets within MEG from the Student Supports Grants BEL, to support the

continuation of the implementation of the Welsh Government response to the Diamond Review. The changes to the student support regulations have been finalised and the final phase of implementation continues with a transfer of resources from the tuition fee grant to HEFCW – this starts delivery of the final elements of the response as they are phased in over a three year period. There has been an additional transfer in of £0.025m from the Student Supports Grant BEL for Post Graduate Priority and the 60 Plus bursary.

- **HEFCW capital BEL (Depreciation)** – budget of £0.090m has been maintained at 2020-21 levels.

Education Standards Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
153,285	170,125	160,853	12,339	173,192

- **School Improvement Grant BEL –** This BEL includes infant class sizes, the Education Improvement Grant (EIG) and grant funding for ethnic minority and Gypsy, Roma and Traveller learners. This BEL has increased by £12.029m in 2021-22 as a result of:
    - £12.029m COVID-19 allocation from Reserves for school catch-up funding for the remainder of 2020/21 academic year (see paragraph 1.6.16 of evidence paper);
    - £1m from Reserves to provide additional support for ethnic minority and Gypsy, Roma and Traveller learners (see section 2.7 of evidence paper); and
    - £1m transfer within the MEG to the Curriculum and Assessment BEL to support the alignment of funding rates for Foundation Phase and the Childcare Offer (see section 2.14 of the evidence paper). The transfer does not represent a cut in funding for this BEL, and reflects the funding committed for continuing the infant class sizes grant into 2021-22.

- **Raising School Standards BEL –** This budget supports the additional £100m committed over this Senedd term to raise school standards. There are no changes to this budget and £25.5m is allocated in 2021-22 to maintain our commitment to raising standards and reducing inequalities in education.

- **School Standards Support BEL –** This budget funds systems and data collection which provide evidence for policy activity and which is visible and high profile. The funding has a direct link to evidencing and demonstrating improvements in standards and tackling the attainment gap. The £0.31m increase is due to a transfer of budgets within MEG to the Research Evidence and International BEL in relation to the transfer of responsibility for PISA.

Pupil Development Grant Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
108,500	108,500	111,500	2,000	113,500

- There has been an overall increase of £2m as a result of a transfer from Reserves for PDG-Access, which will increase funding to over £10m in 2021-22 (see section 2.3 of evidence paper).

ICT and Information Management Systems Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
4,279	4,279	4,429	-	4,429

- This Action supports the delivery of the curriculum through providing access to a range of high quality digital teaching tools and resources, including: Hwb; EPS application support; and in house data management systems. This budget is being maintained for 2021-22.

Wellbeing of Children and Young People Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
34,332	34,332	35,332	305	35,637

- **Additional Learning Needs BEL –** The BEL supports the delivery of the Additional Learning Needs (ALN) transformation programme, and implementation of the Additional Learning Needs and Education Tribunal (Wales) Act. The budget for 2021-22 is £9.691m, which includes the £8m allocated in last year's budget, offset by a transfer of £0.845m to the Further Education Provision BEL, representing the proportion of £8m ALN funding for FE institutions.

- **Food & nutrition in schools BEL –** We have continued to protect funding within the Food and Nutrition in Schools BEL for the School Milk Scheme in the Foundation phase and at Key Stage 2 at a subsidised rate. There have been two transfers netting to £1.150 consisting of:
    - £2.150m to expand the School Holiday Enrichment Programme; and
    - £1m MEG to MEG transfer to childcare budgets in the Health & Social Services MEG for holiday hunger, to correct the transfer actioned in Draft Budget 2020-21.

- **Post 16 specialist placements BEL** – The budget provides funding for specialist college placements for learners up to age 25 who require specialist provision in order to access FE suitable to meet their needs. The funding is statutory and is demand led. The budget is being maintained at £13.881m for 2021-22 following an increase of £1.4m last year.

- **Whole School Approach to Wellbeing BEL** – This BEL provides funding to support a whole school approach to mental health and is being maintained at £2m for 2021-22. An additional £4m is being allocated to support the whole school approach from the Mental Health, Wellbeing and Welsh Language MEG in 2021-22 (further detail at section 2.6 of evidence paper).

- **Vulnerable Groups BEL** – this BEL includes an additional £0.9m allocated in last year's budget to support to take forward exploratory work on an integrated approach to supporting looked after children in education. As part of this we received a report on a scoping exercise to further explore integrated models, Virtual Schools, and whole system approaches, as a basis for a Welsh approach. On the back of this report we have also commissioned further research with the aim to implement a Welsh approach in the next financial year. The budget is being maintained at £1.150m for 2021-22.

Post-16 Learner Support Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
512,611	512,611	518,231	(28,162)	490,069

- There has been a decrease of £28.162m to the action following a transfer of budgets within MEG from the Student supports Grants BEL to the HEFCW Programme Expenditure BEL and the Further Education Provision BEL. This transfer supports the continuation of the implementation of the Welsh Government response to the Diamond Review. The changes to the student support regulations have been finalised and the final phase of implementation continues with a transfer of resources from the tuition fee grant to HEFCW – this starts delivery of the final elements of the response as they are phased in over a three year period.

- **Student Support Grants BEL –** This budget includes the demand led statutory student support programme accounts for Higher Education (HE) and Further Education (FE). The budget supports Part-Time Grants and Fees, Student Loan Company (SLC) Targeted Grants, Student Support Grants, Tuition Fee Grant and the Education Maintenance Allowance. The BEL reduces by £32.025m:

    - £25m transfer to HEFCW Programme BEL in order to continue our investment in Higher Education and a further £0.025m to this BEL for Post Graduate Priority and 60 Plus Bursary.

- £7m transfer to the FE Provision BEL allocated to our lifelong learning commitments.

- **Student Loans Company/HMRC administration costs BEL –** This budget provides the administration fee that is paid to the student loans company. In addition to business as usual and in-flight project costs, this budget will be used to fund the implementing the Welsh Government response to diamond review. The BEL also funds: the HMRC administration fee, the Open University's administration of statutory student support for historic student cohorts and policy & implementation. The budget remains at £14.343m for 2021-22.

- **Student loans resource budget provisions BEL –** Contains the non-cash provision for student loans. An increase of £3.863m relates to a transfer from the Health and Social Services MEG for the HEIW Workforce Training Plan.

- **Targeted student support awards BEL –** The Financial Contingency Funds (FCF) budget provides discretionary financial support to students in FE institutions, Y Ganolfan Dysgu Cymraeg Genedlaethol (National centre for learning Welsh) and the Open University, facing financial hardship, to help them access and remain in education. FCF (FE) provides financial help to those eligible students, whose access to FE might be inhibited by financial consideration, or who, for whatever reason, including physical or other disability, face financial hardship. The budget is maintained at £6.297m for 2021-22.

Pupil Engagement Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
784	784	2,015	-	2,015

- This Action (Tackling disaffection BEL) supports activities aimed at improving outcomes for vulnerable/disadvantaged learners through: Improving anti-bullying and attendance in school; Hay festival (schools and learners programmes); Educated other than at school (EOTAS), Counselling; Home education; attendance; anti-bullying. In last year's draft budget we increased funding by £1.5m to support local authorities in discharging their duties in relation to home education and to meet new expectations. There are no changes to this budget for 2021-22.

Youth Engagement and Employment Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
10,654	10,654	10,654	-	10,654

- This Action funds a number of youth support grants to support statutory and voluntary youth services in Wales and delivery of activity to support the continued implementation of the Youth Engagement and Progression Framework (Youth Engagement and Employment BEL). In addition, the Action also provides funding to Her Majesty's Prison and Probation Service (HMPPS) to support the education and learning provision and prison libraries in Welsh public sector prisons. Funding is also available for innovative pilot projects which support the Offender Learning agenda, and to support essential skills delivery for those serving sentences in the community. The Welsh Government has a statutory obligation to provide funding for education in adult prisons in Wales. Funding is being maintained for 2021-22.

Delivery Support Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
1,062	1,062	1,366	(310)	1,056

- This Action funds marketing and communications, research and the International Education Programme. There has been a transfer to the School Standards Support BEL of £0.31m in relation to PISA.

Welsh in Education Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
12,325	12,325	12,675	-	12,675

- This Action (Welsh in Education BEL) is being maintained in 2021-22 and supports the implementation of *Cymraeg 2050*, which includes the:
  - planning of Welsh-medium education;
  - commissioning of teaching and learning resources;
  - research, evaluation and marketing in respect of the strategy; and
  - funding for the Coleg Cymraeg Cenedlaethol

Innovation Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
500	500	604	-	604

- This Business Innovation BEL supports optimising the measureable impact that innovation can have on the Welsh economy via support for businesses, academia and collaborations. No changes are proposed for 2021-22.

Science Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
3,200	3,200	3,550	-	3,550

- **Science BEL –** The purpose of this BEL is to fund the promotion, delivery and advice to support research capacity and excellence; commissioning and analysing evidence; encouraging opportunities for great commercialisation of research activity; raising scientific and technical skills levels and supporting future generations through STEM engagement activity.

- **Life Sciences BEL -** This budget aims to make Wales the best possible environment for Life Sciences innovation and business growth. Success will be based on increases in sector employment and tracking the wider health and economic benefits to Wales.

Capital – Estates and IT Provision Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
207,775	207,775	199,750	41,968	241,718

- This budget supports the 21st Century Schools and Education Programme which represents a strategic investment in our education infrastructure in Wales. The budget will also be used to support any capital funding requirements to deliver our education priorities, and also includes capital funding for the Childcare offer and Flying Start.

- An additional £41.968m (net) has been allocated from Reserves:
  - £35m general capital allocation for 21st Century Schools Band B;
  - £5m allocation for Net Zero Carbon Schools pilot;
  - £0.71m Financial Transaction Capital (FTC) allocation for second tranche of working capital facility required by WEPCo to be allocated to DBW Investment MIMs Limited, in relation to the delivery of Mutual Investment Model (MIM);
  - £1.9m FTC allocation anticipated to be invested by DBW Investment MIMs Limited as subordinated debt in the first MIM Project;
  - £0.2m decrease for FTC repayments - Coleg y Cymoedd; and
  - £0.442m decrease for FTC repayments – Bridgend College.

Capital - Innovation Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
4,066	3,456	4,066	-	4,066

- This action supports optimising the measureable impact that innovation can have on the Welsh economy via support for businesses, academia and collaborations. No changes are proposed for 2021-22.

Capital – Science Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
5,675	4,824	5,675	-	5,675

- **Science BEL -** This funds the promotion, delivery and advice to support research capacity and excellence; commissioning and analysing of evidence; encouraging opportunities for greater commercialisation of research activity; raising scientific and technical skill levels and supporting future generations through STEM engagement activity.

- **Life Sciences BEL -** This budget aims to make Wales the best possible environment for Life Sciences innovation and business growth. Success will be based on increases in sector employment and tracking the wider health and economic benefits to Wales.

Capital – Post-16 Education Action

2020-21 1st Supplementary Budget May 2020 £000	2020-21 2nd Supplementary Budget Oct 2020 £000	2020-21 Baseline £000	2021-22 Changes £000	2021-22 New Plans Draft Budget £000
-	3,200	-	-	-

- There has been a £3.2m COVID-19 allocation from Reserves in 2020-21 to extend the digital offer already made to school learners, to learners undertaking their education in other educational settings including FE colleges and adult learning. Learners have been offered support with digital equipment to ensure they are able to take full advantage of the on-line offer that is now widely available across education sector. No allocations have been at this stage for 2021-22.

ANNEX B – Education MEG breakdown by Action and BEL for 2021-22, 2020-21 forecast outturn and 2019-20 final outturns

Action	BEL Description	2020-21 1st Supplementary Budget May 2020	2020-21 2nd Supplementary Budget Oct 2020	2020-21 Forecast (Period 8)	2020-21 Baseline	Change	2021-22 New Plans Draft Budget
Literacy and Numeracy	Literacy & Numeracy	6,356	6,356	4,094	4,456	-285	4,171
Total Literacy and Numeracy		**6,356**	**6,356**	**4,094**	**4,456**	**-285**	**4,171**
Curriculum	Curriculum & Assessment	3,955	3,955	4,961	6,782	1,000	7,782
	Curriculum Review	5,950	5,950	5,551	6,150	7,900	14,050
	Foundation Phase	148	148	158	148	0	148
Total Curriculum		**10,053**	**10,053**	**10,670**	**13,080**	**8,900**	**21,980**
Teaching and Leadership	Teacher Development and Support	31,895	31,895	41,216	38,914	0	38,914
Total Teaching and Leadership		**31,895**	**31,895**	**41,216**	**38,914**	**0**	**38,914**
Qualifications	Qualifications Wales	9,463	9,463	8,846	9,463	404	9,867
Total Qualifications		**9,463**	**9,463**	**8,846**	**9,463**	**404**	**9,867**
Post-16 Education	Further Education Provision	459,377	487,711	510,259	460,326	39,980	500,306
Total Post-16 Education		**459,377**	**487,711**	**510,259**	**460,326**	**39,980**	**500,306**
Higher Education	HEFCW-Programme Expenditure	161,857	193,357	207,458	176,788	25,025	201,813
	HEFCW Capital	90	90	90	90	0	90
Total Higher Education		**161,947**	**193,447**	**207,548**	**176,878**	**25,025**	**201,903**
Education Standards	School Improvement Grant	129,959	146,799	148,657	134,159	12,029	146,188
	Raising School Standards	22,332	22,332	22,934	25,500	0	25,500
	School Standards Support	994	994	916	1,194	310	1,504
Total Education Standards		**153,285**	**170,125**	**172,507**	**160,853**	**12,339**	**173,192**
Pupil Development Grant	Pupil Development Grant	108,500	108,500	113,397	111,500	2,000	113,500
Total Pupil Development Grant		**108,500**	**108,500**	**113,397**	**111,500**	**2,000**	**113,500**
ICT & Information Management Systems	Supporting Digital Learning in Education	4,279	4,279	4,389	4,429	0	4,429
Total ICT & Information Management Systems		**4,279**	**4,279**	**4,389**	**4,429**	**0**	**4,429**
Wellbeing of children and young people	Additional Learning Needs	10,536	10,536	9,691	10,536	-845	9,691
	Food & Nutrition in Schools	6,765	6,765	4,990	7,765	1,150	8,915

Action	BEL Description	2020-21 1st Supplementary Budget May 2020	2020-21 2nd Supplementary Budget Oct 2020	2020-21 Forecast (Period 8)	2020-21 Baseline	Change	2021-22 New Plans Draft Budget
	Post 16 Specialist Placements	13,881	13,881	14,198	13,881	0	13,881
	Whole School Approach to Wellbeing	2,000	2,000	2,000	2,000	0	2,000
	Vulnerable Groups	1,150	1,150	546	1,150	0	1,150
Total Wellbeing of children and young people		**34,332**	**34,332**	**31,425**	**35,332**	**305**	**35,637**
Post-16 learner support	Student Support Grants	390,742	390,742	383,428	390,742	-32,025	358,717
	SLC/HMRC Administration Costs	8,723	8,723	20,124	14,343	0	14,343
	Student Loans Resource Budget Provision	106,849	106,849	360,640	106,849	3,863	110,712
	Targeted Student Support Awards	6,297	6,297	6,699	6,297	0	6,297
	Digital Transformation Programme	0	0	1,110	0	0	0
Total Post-16 learner support		**512,611**	**512,611**	**772,001**	**518,231**	**-28,162**	**490,069**
Pupil Engagement	Tackling Disaffection	784	784	779	2,015	0	2,015
Total Pupil Engagement		**784**	**784**	**779**	**2,015**	**0**	**2,015**
Youth Engagement & Employment	Offender Learning	3,328	3,328	6,628	3,328	0	3,328
	Youth Engagement & Employment	7,326	7,326	11,443	7,326	0	7,326
Total Youth Engagement & Employment		**10,654**	**10,654**	**18,071**	**10,654**	**0**	**10,654**
Delivery Support	Education Communications	294	294	594	482	0	482
	Research Evidence and International	768	768	768	884	-310	574
Total Delivery Support		**1,062**	**1,062**	**1,362**	**1,366**	**-310**	**1,056**
Welsh in Education	Welsh in Education	12,325	12,325	12,325	12,675	0	12,675
Total Welsh in Education		**12,325**	**12,325**	**12,325**	**12,675**	**0**	**12,675**
Innovation	Business Innovation	500	500	500	604	0	604
Total Innovation		**500**	**500**	**500**	**604**	**0**	**604**
Science	Science	1,000	1,000	999	1,350	0	1,350
	Life Sciences	2,200	2,200	1,600	2,200	0	2,200
Total Science		**3,200**	**3,200**	**2,599**	**3,550**	**0**	**3,550**
EDUCATION - TOTAL RESOURCE BUDGET		**1,520,623**	**1,597,297**	**1,911,988**	**1,564,326**	**60,196**	**1,624,522**

CAPITAL BUDGET							
Action	**BEL Description**	**2020-21 1st Supplementary Budget May 2020**	**2020-21 2nd Supplementary Budget Oct 2020**	**2020-21 Forecast (Period 8)**	**2020-21 Baseline**	**Change**	**2021-22 New Plans Draft Budget**
Estate and IT Provision	Education Infrastructure	207,775	207,775	241,363	199,750	41,968	241,718
Total Estate and IT Provision		**207,775**	**207,775**	**241,363**	**199,750**	**41,968**	**241,718**
Innovation	Business Innovation	4,066	3,456	3,456	4,066	0	4,066
Innovation		**4,066**	**3,456**	**3,456**	**4,066**	**0**	**4,066**
Science	Science	4,874	4,143	5,743	4,874	0	4,874
	Life Sciences	801	681	274	801	0	801
Total Science		**5,675**	**4,824**	**6,017**	**5,675**	**0**	**5,675**
Post-16 Education	Further Education Provision	0	3,200	8,100	0	0	0
Total Post-16 Education		**0**	**3,200**	**8,100**	**0**	**0**	**0**
Qualifications	Qualifications Wales	0	0	80	0	0	0
Total Qualifications		**0**	**0**	**80**	**0**	**0**	**0**
EDUCATION - TOTAL CAPITAL BUDGET		**217,516**	**219,255**	**259,016**	**209,491**	**41,968**	**251,459**

RESOURCE BUDGET - Annually Managed Expenditure							
Action	**BEL Description**	**2020-21 1st Supplementary Budget May 2020**	**2020-21 2nd Supplementary Budget Oct 2020**	**2020-21 Forecast (Period 8)**	**2020-21 Baseline**	**Change**	**2021-22 New Plans Draft Budget**
Post-16 learner support	Student Loans - AME	-123,801	-123,801	-61,192	-123,801	-24,585	-148,386
Total Post-16 learner support		**-123,801**	**-123,801**	**-61,192**	**-123,801**	**-24,585**	**-148,386**
EDUCATION - TOTAL RESOURCE AME BUDGET		**-123,801**	**-123,801**	**-61,192**	**-123,801**	**-24,585**	**-148,386**

CAPITAL BUDGET - Annually Managed Expenditure							
Action	**BEL Description**	**2020-21 1st Supplementary Budget May 2020**	**2020-21 2nd Supplementary Budget Oct 2020**	**2020-21 Forecast (Period 8)**	**2020-21 Baseline**	**Change**	**2021-22 New Plans Draft Budget**
Post-16 learner support	Student Loans - AME	863,631	863,631	883,432	863,631	105,330	968,961
Total Post-16 learner support		**863,631**	**863,631**	**883,432**	**863,631**	**105,330**	**968,961**
EDUCATION - TOTAL CAPITAL AME BUDGET		**863,631**	**863,631**	**883,432**	**863,631**	**105,330**	**968,961**

EDUCATION - SUMMARY	**2020-21 1st Supplementary Budget May 2020**	**2020-21 2nd Supplementary Budget Oct 2020**	**2020-21 Forecast (Period 8)**	**2020-21 Baseline**	**Change**	**2021-22 New Plans Draft Budget**
Resource	1,520,623	1,597,297	1,911,988	1,564,326	60,196	1,624,522
Capital	217,516	219,255	259,016	209,491	41,968	251,459
Total Resource & Capital	**1,738,139**	**1,816,552**	**2,171,004**	**1,773,817**	**102,164**	**1,875,981**
Resource AME	-123,801	-123,801	-61,192	-123,801	-24,585	-148,386
Capital AME	863,631	863,631	883,432	863,631	105,330	968,961
Total AME	**739,830**	**739,830**	**822,240**	**739,830**	**80,745**	**820,575**
EDUCATION - TOTAL BUDGET	**2,477,969**	**2,556,382**	**2,993,244**	**2,513,647**	**182,909**	**2,696,556**

ANNEX C – COVID-19 allocations to/from Reserves - Education MEG 2020-21 and 2021-22

	2020-21		
BEL description	**REVENUE COVID-19 Transfer to Reserves £000**	**CAPITAL COVID-19 Transfer to Reserves £000**	**TOTAL COVID-19 Transfer to Reserves £000**
Literacy & Numeracy – supported marking scheme due to cancellation of tests	(200)		(200)
Curriculum & assessment – Arts Review, Core Subjects Support, Music Services, Early Years support and MFL programme	(2,827)		(2,827)
Curriculum review – Education in Wales delivery	(200)		(200)
Teacher development and support – NAPL, NAEL and PL	(7,019)		(7,019)
School Improvement grant – regional consortia	(4,200)		(4,200)
Raising School Standards – Research & evaluation – multi-cohort project, Leadership - MIT, Schools as learning orgs, Estyn, Pedagogy.	(3,168)		(3,168)
School standards support – reduction in activity	(200)		(200)
PDG – PDG Access	(3,000)		(3,000)
Supporting Digital Learning in Education - Hwb	(150)		(150)
Food & Nutrition in schools – school milk	(1,000)		(1,000)
Tackling Disaffection – Home Education	(1,231)		(1,231)
Education communications – reduction in activity	(188)		(188)
Research Evidence and International – British Council	(116)		(116)
Welsh in Education – bilingual resources and WESPs	(350)		(350)
Further education provision – Seren, IiQ, period dignity grant.	(949)		(949)
HEFCW Programme expenditure – HEFCW GIA	(16,300)		(16,300)
SLC/HMRC Administration costs – release of revenue due to capital requirement	(5,000)		(5,000)
Business Innovation – marketing & communications	(104)		(104)
Science - marketing & communications	(350)		(350)
Total Covid-19 Transfers to Reserves (First Supplementary Budget)	**(46,552)**	**0**	**(46,552)**
Innovation BEL – SMART Operations		(610)	(610)
Life Science BEL – Capital grants		(120)	(120)
Science BEL – Ser Cymru		(731)	(731)
Total Covid-19 Transfers to Reserves (Second Supplementary Budget)	**0**	**(1,461)**	**(1,461)**
Total Covid-19 Transfers to Reserve	**(46,552)**	**(1,461)**	**(48,013)**

	2020-21		
BEL description	**REVENUE COVID-19 Transfer from Reserves £000**	**CAPITAL COVID-19 Transfer from Reserves £000**	**TOTAL COVID-19 Transfer from Reserves £000**
School Improvement Grant - Accelerated Learning Plan - schools catch up	16,840		16,840
FE Provision - catch up support for full time 16-19 year olds in sixth form or FE college.	20,754		20,754
FE Provision - FE colleges support for cleaning costs	3,600		3,600
FE Provision - digital equipment for disadvantaged learners		3,200	3,200
HEFCW Programme Expenditure - Higher Education Investment and Recovery Fund for Wales (2020/21 academic year)	27,000		27,000
Total Covid-19 Transfers from Reserves (Second Supplementary Budget)	**68,194**	**3,200**	**71,394**
PDG BEL - PDG – Access	5,000		5,000
Curriculum & Assessment - Supporting learners to qualifications	650		650
Teacher Development & Support - Supporting learners to qualifications	6,027		6,027
FE Provision - Supporting learners to qualifications	2,823		2,823
School Improvement Grant - Face coverings in schools	1,885		1,885
FE Provision - Face coverings in colleges	469		469
FE Provision - FSM during holidays (FSM for schools during holidays of £10.930m in 2020-21 and £23.3m in 2021-22 - LA Hardship Fund)	758		758
FE Provision - Additional learning at Further Education Institutions	10,000		10,000
FE Provision – Digital Exclusion		4,900	4,900
HEFCW Programme Expenditure - Support for Higher Education	10,000		10,000
Education Infrastructure - Delivery of Educational Estate		30,000	30,000
Education Infrastructure - Flying Start capital		860	860
Education Infrastructure - Childcare Offer capital		2,000	2,000
Science - Ser Cymru 2		1,600	1,600
Total Covid-19 Transfers from Reserves (to be allocated in Third Supplementary Budget)	**37,612**	**39,360**	**76,972**
Total Covid-19 Transfers from Reserves 2020-21	**105,806**	**42,560**	**148,366**

Net impact - Education MEG Covid-19 Transfers to/from Reserves 2020-21	**59,254**	**41,099**	**100,353**

	2021-22		
BEL description	**REVENUE COVID-19 Transfer from Reserves £000**	**CAPITAL COVID-19 Transfer from Reserves £000**	**TOTAL COVID-19 Transfer from Reserves £000**
School Improvement Grant - Accelerated Learning Plan - schools catch up	12,029		12,029
FE Provision - Additional learning at Further Education Institutions	5,000		5,000
Total Covid-19 Transfers from Reserves 2021-22	**17,029**	**0**	**17,029**

ANNEX D – £100 million investment in raising school standards over the Senedd term

Raising School Standards – Activity	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
Support for a transformational curriculum • Primary LNF Oracy Scheme • School-employer engagement • Coding and Digital skills • Books Trust • School-employer engagement	410	1,500	1,423	900	800
Developing a high quality education profession • Teacher/workforce supply • Welsh medium & Graduate Training Programme • Test alternative supply mechanisms for recently qualified teachers (finished in 19-20) • Higher Level Teaching Assistants (HLTA) • National Networks of Excellence for Science and Technology and Mathematics • Foundation Phase Excellence Network (FPEN) • Welsh Professional Development • Recruitment to attract more teachers to the Welsh sector and to teach Welsh as a subject • Additional Learning Needs • Digital Competence • Infant class sizes • Welsh Sabbatical Scheme • Welsh in Education – Comms and Leadership • A Level improvement • Welsh A-level Plan	830	10,815	15,045	14,425	15,495
Inspirational leaders working collaboratively to raise standards • Establishing the Leadership Academy • National Professional Qualification for Headship (NPQH) • Academy Associates Programme • Future Leadership • Massachusetts Institute of Technology (MIT)	841	3,200	2,900	2,970	1,670
Strong and inclusive schools committed to excellence, equity and wellbeing • Education and Health joint wellbeing programmes for Child and Adolescent Mental Health Services (CAMHS) in school pilots and promoting a whole school approach to health and wellbeing. • Regional grant (17-18 only) for wellbeing	-	631	190	280	302
Robust assessment, evaluation and accountability arrangements supporting a self-improving system • Supporting evidence based practice across the regions • Research into Welsh language frameworks • Develop schools as learning organisations • Support collaborative working and help develop regional capacity • Extend the impact and depth of Federations • Small & Rural grant scheme • Expand use of business managers (2017-2020 only) • Estyn grant • Building Capacity (2017-20 only) • Pisa	400	3,653	5,430	6,410	5,200
Research and evaluation • Evaluation of Sabbatical scheme • WISERD data lab • Research and Evaluation Grant • Wellbeing research (Swansea Uni) • Wales DTP for studentship research (Cardiff Uni)	1,166	430	240	545	145
TOTAL	**3,647**	**20,229**	**25,228**	**25,530**	**23,612**

ANNEX E – BELs supporting the raising of school standards within the Education MEG over the Senedd term

£'000s

Budget Expenditure Line (BEL)	2015-16 Second Supplementary Budget	2016-17 Second Supplementary Budget	2017-18 Second Supplementary Budget	2018-19 Second Supplementary Budget	2019-20 Second Supplementary Budget	2020-21 Second Supplementary Budget	2021-22 New Plans Draft Budget
Literacy & Numeracy	4,512	4,946	6,956	6,331	5,476	6,356	4,171
Curriculum & Assessment	23,255	10,021	6,434	7,066	6,782	3,955	7,782
Curriculum Review	0	20,400	7,100	5,400	5,400	5,950	14,050
Foundation Phase	1,851	1,851	1,511	1,551	148	148	148
Teacher Development and Support	16,856	21,192	20,731	43,373	54,932	31,895	38,914
Qualifications Wales	8,147	8,404	8,142	8,257	8,482	9,463	9,867
School Governance	1,565	1,353	1,124	36	0	0	0
School Improvement Grant	142,594	134,711	136,282	130,359	130,359	146,799	146,188
Raising School Standards	0	4,470	20,000	25,000	25,500	22,332	25,500
School Standards Support	1,364	1,249	1,394	1,194	1,194	994	1,504
Pupil Development Grant	82,046	89,246	93,746	95,523	98,900	108,500	113,500
Supporting Digital Learning in Education	6,935	6,935	6,659	4,470	4,429	4,279	4,429
Welsh in Education	18,733	18,267	27,247	29,050	12,675	12,325	12,675
Total	**307,858**	**323,045**	**337,326**	**357,610**	**354,277**	**352,996**	**378,728**
Increase on 2015-16		**15,187**	**29,468**	**49,752**	**46,419**	**45,138**	**70,870**
Change over 5 years							**256,834**

ANNEX F – Regional Consortia School Improvement Grant allocations

Objective	Funding Description	2019/20	2020/21
Curriculum & Assessment - Supporting a national curriculum with equity & excellence at its core that sets high standards for all learners	Digital and Curriculum Pioneer Schools	3,150,000	3,000,000
	Core Consortia Support for Design & Development of the new Curriculum	2,225,000	1,771,000
	Assessment for Learning (AfL)	400,000	400,000
	Welsh Language Use Framework incl. Welsh Language Charter (Welsh-medium Schools)	500,000	496,000
Developing a high-quality education profession - improving the teaching & learning in our schools	Education Improvement Grant for Schools (EIG)	118,137,000	120,637,000
	Regional support for Modern languages	432,000	432,000
	National Numeracy Test Support	20,000	20,000
	Literacy & Numeracy Grant	500,000	500,000
	Professional Learning - Pioneer Schools	1,860,000	2,040,000
	Learning in a Digital Wales (LiDW) - Phase II CPD	500,000	500,000
	Coding & Digital Skills	300,000	300,000
	Primary LNF Oracy Scheme for Wales	400,000	400,000
	Higher Level Teaching Assistants (HLTA)	990,000	800,000
	Professional Teaching Standards	100,000	80,000
	National Network for Excellence in Science & Technology (NNEST)	900,000	900,000
	Foundation Phase Network (FPEN)	200,000	200,000
	Welsh - Professional Development - Consortia Funding (some lines combined)	2,700,000	2,700,000
	Digital Competence - Professional Learning Offer (PLO)	300,000	300,000
	A Level Improvement	280,000	520,000
	Teaching Workforce Supply (Initial Teacher Education)	312,103	300,000
	Part time and Work Based ITE	200,000	200,000
	Modern Foreign Languages – building capacity for MFL in the primary sector	214,000	214,000
	Digital Competence Framework	100,000	100,000
	All Age Schools - Support for Research and Collaborative Projects	100,000	
	Professional Teaching Awards Cymru (PTAC)	20,000	20,000
	PL Pioneer Cluster Funding - Non Pioneers	595,200	198,400
	PL Pioneer Cluster Funding	126,000	42,000
	Leading Learning Collaborative Project	249,360	247,080
	Facilitate the Evaluation of Professional Standards		20,000
	E- Learning Project	523,067	
	Early Career Support Programme		150,000
	External policy advice/support for the 16-19 PCET Policy team	58,000	24,000

Objective	Funding Description	2019/20	2020/21
	HEI Accreditation Manager	100,000	400,000
	Professional Learning		7,000,000
	Support Collaborative Working & Help Develop Capacity in Consortia	560,000	70,000
Leadership - supporting inspirational leaders working collaboratively to raise standards. Includes future leadership & professional networks	Future Leadership (Aspiring, middle leaders including Coaching & Mentoring support)	1,000,000	1,000,000
	New & Acting Heads (Pre MNSH)	150,000	150,000
	National Professional Qualification for Headship (NPQH)[1]	720,000	720,000
	Building Capacity Expertise	161,690	60,000
Strong & inclusive schools committed to excellence, equity & well-being	Pupil Development Grant (PDG) excluding PDG Access	93,685,579	103,200,000
Supporting a self-improving system - supporting a system in which the education profession have the skills, capacity & agency to continually learn & improve their practice	Extend the impact and depth of collaborative working, including through federation	1,040,000	800,000
	Develop schools as learning organisations - Criteria 3 Funding	500,000	500,000
	Total including PDG	**234,308,999**	**251,411,480**
	Total excluding PDG	**140,623,420**	**148,211,480**
	Less: COVID-19 savings		**(4,203,088)**
	Revised allocation		**144,008,392**
	Less: NPQH		**(720,000)**
	Revised allocation to consortia		**143,288,392**

Consortium	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
Torfaen (EAS)	26,298	27,726	27,032	27,682
Rhondda Cynon Taf (CSC)	42,616	42,193	41,700	42,632
Pembrokeshire(ERW)	39,093	40,971	39,862	34,234
Gwynedd (GWE)	30,561	32,620	32,029	32,616
Neath Port Talbot (NPT)				6,125
Total	**138,568**	**143,511**	**140,623**	**143,288**

[1] NPQH allocation is demand led and therefore not yet allocated to regional consortia for 2020-21

ANNEX G – Class Sizes grant allocations over the Senedd term

Local Authority	Revenue £	Capital £
Anglesey	306,504	0
Blaenau Gwent	338,108	199,600
Bridgend	747,436	750,000
Caerphilly	961,983	0
Cardiff	2,095,766	3,317,000
Carmarthenshire	870,490	2,000,000
Ceredigion	584,125	1,600,000
Conwy	512,256	300,000
Denbighshire	486,569	0
Flintshire	796,576	1,320,000
Gwynedd	530,722	600,000
Merthyr Tydfil	303,532	931,000
Monmouthshire	426,384	0
Neath Port Talbot	686,951	1,890,000
Newport	908,923	1,100,661
Pembrokeshire	569,373	370,165
Powys	540,652	665,000
Rhondda Cynon Taf	1,384,904	1,600,000
Swansea	1,202,923	1,918,750
Torfaen	566,002	0
Vale of Glamorgan	722,417	0
Wrexham	757,404	1,000,000
TOTAL	**16,000,000**	**19,562,176**

ANNEX H – Small and Rural Schools grant allocations over the Senedd term

Local Authority	**2017-18 £**	**2018-19 £**	**2019-20 £**	**2020-21 £**
Anglesey	138,157	140,312	140,353	138,189
Blaenau Gwent	35,948	35,915	35,873	35,904
Bridgend	61,088	61.184	61,177	61,381
Caerphilly	103,580	103,618	103,539	106,947
Cardiff	33,967	31,217	31,217	28,264
Carmarthenshire	265,956	263,560	263,655	276,240
Ceredigion	159,997	154,124	154,193	153,001
Conwy	139,973	141,955	141,905	145,911
Denbighshire	108,500	116,034	116,049	113,309
Flintshire	144,599	137,247	137,235	139,625
Gwynedd	279,580	279,094	279,174	273,482
Merthyr Tydfil	22,573	22,555	22,532	22,549
Monmouthshire	72,984	73,212	73,244	73,618
Neath Port Talbot	84,259	90,356	90,342	91,146
Newport	35,917	35,895	35,868	35,888
Pembrokeshire	157,896	159,536	159,566	146,964
Powys	251,816	246,847	246,910	244,358
Rhondda Cynon Taf	133,841	134,083	134,006	128,356
Swansea	90,991	91,161	91,121	91,547
Torfaen	27,777	27,787	27,800	27,790
Vale of Glamorgan	56,276	56,278	56,281	59,430
Wrexham	94,325	98,030	97,960	106,101
Total	**2,500,000**	**2,500,000**	**2,500,000**	**2,500,000**

ANNEX I – Details of 2020/21 allocations to further education colleges

Further Education

Local Authority 6th Form	2019-2020 Allocation £	2020-2021 Allocation £	Variance £	Variance %
Isle of Anglesey County Council	2,319,560	2,529,828	210,269	9.07%
Gwynedd Council	3,284,887	3,414,889	130,002	3.96%
Conwy County Borough Council	4,454,483	4,742,173	287,690	6.46%
Denbighshire County Council	3,225,501	3,357,240	131,739	4.08%
Flintshire County Council	4,418,347	4,439,673	21,326	0.48%
Wrexham County Borough Council	1,049,400	1,046,752	-2,649	-0.25%
Powys County Council	4,440,636	4,732,301	291,665	6.57%
Ceredigion County Council	3,567,851	3,884,737	316,885	8.88%
Pembrokeshire County Council	2,727,235	2,935,601	208,366	7.64%
Carmarthenshire County Council	6,028,967	6,637,156	608,189	10.09%
The City and County of Swansea	5,149,124	5,354,484	205,360	3.99%
Neath Port Talbot County Borough Council	1,452,836	1,796,668	343,831	23.67%
Bridgend County Borough Council	5,750,256	6,306,739	556,483	9.68%
The Vale of Glamorgan County Council	5,663,603	6,268,240	604,637	10.68%
Rhondda Cynon Taff County Borough Council	9,336,642	9,804,613	467,971	5.01%
Caerphilly County Borough Council	3,792,288	3,756,978	-35,311	-0.93%
Torfaen County Borough Council	3,049,026	1,681,322	-1,367,704	-44.86%
Monmouthshire County Council	3,152,606	3,388,867	236,261	7.49%
Newport City Council	5,998,206	6,481,311	483,105	8.05%
Cardiff County Council	11,866,770	13,162,430	1,295,661	10.92%
Total	**90,728,225**	**95,722,001**	**4,993,776**	**5.50%**

Sixth Forms

	Full Time Allocation 2020/21 (inc unit rate increase)	Part Time Allocation 2020/21 (inc unit rate increase)	Part Time Allowance	Deprivation Uplift	Sparsity Uplift (as in 2019/20)	Welsh Medium Allowance (as in 2019/20)	3% Centrally Retained Allowance	2% Maintenance Allowance	Transition funding agreed in 2019/20	**2020/21 allocation**	Additional Funding	**Total 2020/21 Allocation**
	£	£	£	£	£	£	£	£	£	**£**	£	**£**
Bridgend College	12,287,612	2,310,693	462,139	717,294		30,000	437,949	291,966		**16,537,652**		**16,537,652**
Cardiff & Vale College	24,430,334	6,582,649	1,316,530	2,278,173		30,000	930,389	620,260		**36,188,334**		**36,188,334**
Coleg Cambria	28,524,798	5,433,943	1,086,789	1,363,161	733,136	115,000	1,018,762	679,175		**38,954,765**		**38,954,765**
Coleg Gwent	32,600,041	5,838,883	1,167,777	2,320,479		230,000	1,153,168	768,778		**44,079,125**	**2,396,355**	**46,475,480**
Coleg Sir Gar	15,418,222	2,443,226	488,645	482,356	575,850	1,061,250	535,843	357,229		**21,362,622**		**21,362,622**
Coleg y Cymoedd	23,234,916	3,822,509	764,502	2,379,851		29,756	811,723	541,148		**31,584,405**		**31,584,405**
Gower College Swansea	18,700,377	2,840,977	568,195	1,402,654		115,000	646,241	430,827		**24,704,271**		**24,704,271**
Grwp Llandrillo Menai	29,277,699	4,720,757	944,151	1,458,394	2,441,719	2,156,250	1,019,954	679,969		**42,698,893**		**42,698,893**
Grwp NPTC Group	17,136,899	3,764,121	752,824	997,871	2,456,260	30,000	627,031	418,020		**26,183,025**		**26,183,025**
Merthyr Tydfil College	8,499,186	680,779	136,156	742,338		30,000	275,399	183,599		**10,547,457**		**10,547,457**
Pembrokeshire College	8,869,788	1,388,188	277,638	222,146	356,812	30,000	307,739	205,160		**11,657,470**		**11,657,470**
St David's Catholic Sixth Form College	5,368,256	169,019	33,804	442,058		15,000	166,118	110,746		**6,305,001**		**6,305,001**
ALW	0	3,965,377	793,075	235,529	184,699	30,243	118,961	79,308	453,960	**5,861,153**		**5,861,153**
	224,348,127	**43,961,120**	**8,792,224**	**15,042,305**	**6,748,476**	**3,902,499**	**8,049,277**	**5,366,185**	**453,960**	**316,664,174**		**319,060,528**

Adult Community Learning

Local Authority	2019-2020 Allocation	Population of Wales aged 19+ with Level 1 as highest qualification	percentage of population of Wales aged 19+ with Level 1 as highest qualification	5/12 current allocation	New methodology for Sept - Mar	Total 2020-21 Allocation
Isle of Anglesey County Council	**£12,028**	19,748	2.2%	£5,011	£56,081	£61,093
Gwynedd Council	**£7,216**	32,690	3.6%	£3,007	£92,834	£95,841
Conwy County Borough Council	**£7,216**	34,538	3.8%	£3,007	£98,082	£101,089
Denbighshire County Council	**£103,435**	27,882	3.1%	£43,098	£79,180	£122,278
Flintshire County Council	**£2,405**	44,400	4.9%	£1,002	£126,089	£127,091
Wrexham County Council	**£96,219**	40,919	4.5%	£40,091	£116,203	£156,294
Powys County Council	**£131,498**	38,314	4.2%	£54,791	£108,806	£163,597
Ceredigion County Council	**£73,199**	18,324	2.0%	£30,500	£52,037	£82,537
Pembrokeshire County Council	**£462,438**	35,407	3.9%	£192,683	£100,550	£293,233
Carmarthenshire County Council	**£184,905**	55,712	6.1%	£77,044	£158,213	£235,257
The City and County of Swansea	**£177,655**	66,369	7.3%	£74,023	£188,477	£262,500
Neath Port Talbot County Borough Council	**£261,394**	48,338	5.3%	£108,914	£137,272	£246,186
Bridgend County Borough Council	**£155,553**	44,488	4.9%	£64,814	£126,339	£191,153
The Vale of Glamorgan County Council	**£274,844**	31,236	3.4%	£114,518	£88,705	£203,224
Rhondda Cynon Taff County Borough Council	**£206,068**	80,404	8.9%	£85,862	£228,334	£314,196
Merthyr Tydfil County Borough Council	**£46,506**	21,424	2.4%	£19,377	£60,841	£80,218
Caerphilly County Borough Council	**£312,710**	61,334	6.8%	£130,296	£174,179	£304,474
Blaenau Gwent County Borough Council	**£335,962**	28,211	3.1%	£139,984	£80,115	£220,099
Torfaen County Borough Council	**£91,408**	29,639	3.3%	£38,086	£84,170	£122,256
Monmouthshire County Council	**£2,405**	22,999	2.5%	£1,002	£65,313	£66,316
Newport City Council	**£381,667**	43,735	4.8%	£159,028	£124,200	£283,228
Cardiff County Council	**£1,092,079**	81,560	9.0%	£455,033	£231,617	£686,650
TOTALS	**£4,418,810**	**907,671**	100%	**£1,841,171**	**£2,577,639**	**£4,418,810**

ANNEX I -

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
0	General Education	4 GCSEs	Level 1/2	2,824
0	General Education	5+ GCSEs	Level 1/2	3,413
0	General Education	5 GCSEs equivalent	Level 2	3,413
0	General Education	3 AS	Level 3	3,012
0	General Education	3 AS equivalent	Level 3	3,012
0	General Education	2 AS plus WBQ	Level 3	3,012
0	General Education	2 AS equivalent plus WBQ	Level 3	3,012
0	General Education	4+ AS	Level 3	3,860
0	General Education	4+ AS equivalent	Level 3	3,860
0	General Education	3 AS plus WBQ	Level 3	3,860
0	General Education	3 AS equivalent plus WBQ	Level 3	3,860
0	General Education	4+ AS plus WBQ	Level 3	4,707
0	General Education	4+ AS equivalent plus WBQ	Level 3	4,707
0	General Education	2 A2	Level 3	2,165
0	General Education	2 A2 equivalent	Level 3	2,165
0	General Education	3 A2	Level 3	3,012
0	General Education	3 A2 equivalent	Level 3	3,012
0	General Education	2 A2 plus WBQ	Level 3	3,012
0	General Education	2 A2 equivalent plus WBQ	Level 3	3,012
0	General Education	4+ A2	Level 3	3,860
0	General Education	4+ A2 equivalent	Level 3	3,860
0	General Education	3 A2 plus WBQ	Level 3	3,860
0	General Education	3 A2 equivalent plus WBQ	Level 3	3,860
0	General Education	4+ A2 plus WBQ	Level 3	4,707
0	General Education	4+ A2 equivalent plus WBQ	Level 3	4,707
0	General Education	International Baccalaureate Diploma (Year 1 or 2)	Level 3	4,707
1	Health, public services and care	Health and Social Care level 1	Level 1	4,044
1	Health, public services and care	Health and Social Care level 2	Level 2	3,647
1	Health, public services and care	Health and Social Care with Increased Workplace Learning Level 2	Level 2	3,837
1	Health, public services and care	Health and Social Care Accelerated Learning Level 2-3	Level 2-3	4,397
1	Health, public services and care	Health and Social Care level 3	Level 3	3,647
1	Health, public services and care	Access to HE Healthcare	Level AA	2,901
1	Health, public services and care	Health and Social Care Entry Level	Level E0	4,044
1	Health, public services and care	Complementary Therapies level 2	Level 2	3,647

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
1	Health, public services and care	Complementary Therapies level 3	Level 3	3,647
1	Health, public services and care	Access to HE Social Care	Level AA	2,901
1	Health, public services and care	Access to HE Social Science	Level AA	2,910
1	Health, public services and care	Public Services level 1	Level 1	4,378
1	Health, public services and care	Public Services Accelerated Learning Level 1-2	Level 1-2	5,149
1	Health, public services and care	Public Services level 2	Level 2	4,043
1	Health, public services and care	Public Services level 3	Level 3	4,043
1	Health, public services and care	Childcare Development Level 1	Level 1	3,954
1	Health, public services and care	Childcare Development Level 2	Level 2	4,508
1	Health, public services and care	Childcare Development Level 2 with Increased Workplace Learning	Level 2	3,963
1	Health, public services and care	Childcare Development Level 3	Level 3	3,540
2	Science and mathematics	Access to HE Science	Level AA	3,212
2	Science and mathematics	Access to HE Environmental Science	Level AA	3,212
2	Science and mathematics	Access to HE Bio Science	Level AA	3,212
2	Science and mathematics	Applied Science level 2	Level 2	4,049
2	Science and mathematics	Applied Science Level 3	Level 3	4,049
2	Science and mathematics	Applied Science Level 3 with Increased Workplace Learning	Level 3	4,141
2	Science and mathematics	Access to HE Forensic Science	Level AA	3,212
2	Science and mathematics	Access to HE Health Science	Level AA	3,212
3	Argiculture, horticulture and animal care	Land-based Studies Level 1	Level 1	6,408
3	Argiculture, horticulture and animal care	Land-based Studies Level 2	Level 2	6,408
3	Argiculture, horticulture and animal care	Land-based Studies Level 3 with Increased Workplace Learning	Level 3	8,605

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
3	Argiculture, horticulture and animal care	Land-based Studies Level 3	Level 3	6,408
3	Argiculture, horticulture and animal care	Land-based Studies Level E	Level E0	6,408
3	Argiculture, horticulture and animal care	Horticulture and Forestry 1	Level 1	6,274
3	Argiculture, horticulture and animal care	Horticulture and Forestry Accelerated Learning Level 1-2	Level 1-2	7,178
3	Argiculture, horticulture and animal care	Horticulture and Forestry 2	Level 2	6,274
3	Argiculture, horticulture and animal care	Horticulture and Forestry 3	Level 3	6,274
3	Argiculture, horticulture and animal care	Floristry Level 1	Level 1	6,274
3	Argiculture, horticulture and animal care	Floristry Level 2	Level 2	6,274
3	Argiculture, horticulture and animal care	Floristry Level 3	Level 3	6,274
3	Argiculture, horticulture and animal care	Equine Studies Level 1	Level 1	6,256
3	Argiculture, horticulture and animal care	Equine Studies Level 2	Level 2	6,256
3	Argiculture, horticulture and animal care	Equine Studies Level 3	Level 3	6,256
3	Argiculture, horticulture and animal care	Horse Care level Entry	Level E0	6,256
3	Argiculture, horticulture and animal care	Animal Care level 1	Level 1	6,256
3	Argiculture, horticulture and animal care	Animal Care level 2	Level 2	6,256
3	Argiculture, horticulture and animal care	Animal Care level 3	Level 3	6,256

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
3	Argiculture, horticulture and animal care	Veterinary Nursing level 2	Level 2	6,256
3	Argiculture, horticulture and animal care	Veterinary Nursing level 3	Level 3	6,256
3	Argiculture, horticulture and animal care	Countryside & Environment Level 1	Level 1	6,294
3	Argiculture, horticulture and animal care	Countryside & Environment Level 2	Level 2	6,294
3	Argiculture, horticulture and animal care	Countryside & Environment Level 3	Level 3	6,294
3	Agriculture, horticulture and animal care	Countryside & Environment Level 3 with Increased Workplace Learning	Level 3	7,040
4	Engineering and manufacturing technologies	Manufacturing and Engineering Level 1	Level 1	6,330
4	Engineering and manufacturing technologies	Manufacturing and Engineering Accelerated Learning Level 1-2	Level 1-2	7,196
4	Engineering and manufacturing technologies	Manufacturing and Engineering Level 2	Level 2	6,330
4	Engineering and manufacturing technologies	Manufacturing and Engineering Level 3	Level 3	6,330
4	Engineering and manufacturing technologies	Access to HE Engineering	Level AA	4,954
4	Engineering and manufacturing technologies	Engineering Studies Level E	Level E0	6,330
4	Engineering and manufacturing technologies	Electrical/ Electronic Engineering Accelerated Learning Level 1-2	Level 1-2	8,816
4	Engineering and manufacturing technologies	Electrical/Electronic Engineering Level 2	Level 2	6,330
4	Engineering and manufacturing technologies	Electrical/Electronic Engineering Level 3	Level 3	6,330
4	Engineering and manufacturing technologies	Fabrication and Welding level 1	Level 1	6,330

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
4	Engineering and manufacturing technologies	Fabrication and Welding level 2	Level 2	6,330
4	Engineering and manufacturing technologies	Fabrication and Welding level 3	Level 3	6,330
4	Engineering and manufacturing technologies	Aerospace Engineering Level 2	Level 2	6,330
4	Engineering and manufacturing technologies	Aerospace Engineering Level 3	Level 3	6,330
4	Engineering and manufacturing technologies	Electrical Engineering level 2	Level 2	6,330
4	Engineering and manufacturing technologies	Electrical Engineering level 3	Level 3	6,330
4	Engineering and manufacturing technologies	Land based Engineering Level 2	Level 2	6,330
4	Engineering and manufacturing technologies	Land based Engineering Level 3	Level 3	6,330
4	Engineering and manufacturing technologies	Land based Engineering Level 3 with Increased Workplace Learning	Level 3	7,073
4	Engineering and manufacturing technologies	Marine Engineering Level 2	Level 2	6,330
4	Engineering and manufacturing technologies	Marine Engineering Level 3	Level 3	6,330
4	Engineering and manufacturing technologies	Automotive Engineering level 1	Level 1	6,330
4	Engineering and manufacturing technologies	Automotive Engineering Accelerated Learning Level 1-2	Level 1-2	6,982
4	Engineering and manufacturing technologies	Automotive Engineering level 2	Level 2	6,330
4	Engineering and manufacturing technologies	Automotive Engineering level 3	Level 3	6,330
4	Engineering and manufacturing technologies	Enhanced Engineering Level 2	Level 2	10,997

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
4	Engineering and manufacturing technologies	Enhanced Engineering Level 3	Level 3	10,997
4	Engineering and manufacturing technologies	Wood Machining level 2	Level 2	4,988
4	Engineering and manufacturing technologies	Furniture Level 1	Level 1	5,170
4	Engineering and manufacturing technologies	Furniture Level 2	Level 2	4,988
4	Engineering and manufacturing technologies	Furniture Level 3	Level 3	4,988
4	Engineering and manufacturing technologies	Operations and Maintenance level 2	Level 2	6,331
4	Engineering and manufacturing technologies	Operations and Maintenance level 3	Level 3	6,331
5	Construction, planning and the built environment	Construction level 1	Level 1	6,314
5	Construction, planning and the built environment	Construction level 2	Level 2	6,314
5	Construction, planning and the built environment	Construction Level 3	Level 3	6,314
5	Construction, planning and the built environment	Construction & Built Environment Level E	Level E0	6,314
5	Construction, planning and the built environment	Brickwork Level 1	Level 1	6,314
5	Construction, planning and the built environment	Brickwork Level 1 with Increased Workplace Learning	Level 1	7,435
5	Construction, planning and the built environment	Brickwork Level 2	Level 2	6,314
5	Construction, planning and the built environment	Brickwork level 3	Level 3	6,314
5	Construction, planning and the built environment	Carpentry & Joinery Level 1	Level 1	6,314

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
5	Construction, planning and the built environment	Carpentry & Joinery Level 1 with Increased Workplace Learning	Level 1	7,435
5	Construction, planning and the built environment	Carpentry & Joinery Accelerated Learning Level 1-2	Level 1-2	8,245
5	Construction, planning and the built environment	Carpentry & Joinery Level 2	Level 2	6,314
5	Construction, planning and the built environment	Carpentry & Joinery level 3	Level 3	6,314
5	Construction, planning and the built environment	Painting and Decorating level 1	Level 1	6,314
5	Construction, planning and the built environment	Painting and Decorating Accelerated Learning Level 1-2	Level 1-2	8,191
5	Construction, planning and the built environment	Painting and Decorating level 2	Level 2	6,314
5	Construction, planning and the built environment	Painting and Decorating level 3	Level 3	6,314
5	Construction, planning and the built environment	Trowel Trades Level 1	Level 1	6,314
5	Construction, planning and the built environment	Trowel Trades Level 1 with Increased Workplace Learning	Level 1	7,435
5	Construction, planning and the built environment	Trowel Trades Accelerated Learning Level 1-2	Level 1-2	8,191
5	Construction, planning and the built environment	Trowel Trades Level 2	Level 2	6,314
5	Construction, planning and the built environment	Trowel Trades Level 3	Level 3	6,314
5	Construction, planning and the built environment	Plumbing level 1	Level 1	6,314
5	Construction, planning and the built environment	Plumbing Level 1 with Increased Workplace Learning	Level 1	7,435
5	Construction, planning and the built environment	Plumbing Accelerated Learning Level 1-2	Level 1-2	7,889

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
5	Construction, planning and the built environment	Plumbing level 2	Level 2	6,314
5	Construction, planning and the built environment	Plumbing level 3	Level 3	6,314
5	Construction, planning and the built environment	Gas installation and Maintenance level 2	Level 2	6,314
5	Construction, planning and the built environment	Gas installation and Maintenance level 3	Level 3	6,314
5	Construction, planning and the built environment	Wall and Floor Tiling level 1	Level 1	6,314
5	Construction, planning and the built environment	Wall and Floor Tiling Accelerated Learning Level 1-2	Level 1-2	8,191
5	Construction, planning and the built environment	Wall and Floor Tiling level 2	Level 2	6,314
5	Construction, planning and the built environment	Wall and Floor Tiling level 3	Level 3	6,314
5	Construction, planning and the built environment	Plant Maintenance level 1	Level 1	6,314
5	Construction, planning and the built environment	Plant Maintenance level 2	Level 2	6,314
5	Construction, planning and the built environment	Plant Maintenance level 3	Level 3	6,314
5	Construction, planning and the built environment	Electrical Installation level 1	Level 1	6,314
5	Construction, planning and the built environment	Electrical Installation Accelerated Learning Level 1-2	Level 1-2	7,889
5	Construction, planning and the built environment	Electrical Installation level 2	Level 2	6,314
5	Construction, planning and the built environment	Electrical Installation level 3	Level 3	6,314
5	Construction, planning and the built environment	Enhanced Construction Programme Level 2	Level 2	10,933

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
5	Construction, planning and the built environment	Enhanced Construction Programme Level 3	Level 3	10,933
6	Information and communication technology	IT Practitioners level 1	Level 1	4,520
6	Information and communication technology	IT Practitioners level 2	Level 2	4,211
6	Information and communication technology	IT Practitioners level 3	Level 3	4,211
6	Information and communication technology	Access to HE - Applied Computing	Level AA	3,324
6	Information and communication technology	Enhanced IT Programme Level 2	Level 2	8,199
6	Information and communication technology	Enhanced IT Programme Level 3	Level 3	8,199
6	Information and communication technology	IT Users level 1	Level 1	4,535
6	Information and communication technology	IT Users level 2	Level 2	4,229
6	Information and communication technology	IT Users level 3	Level 3	4,229
6	Information and communication technology	Information Technology Level E	Level E0	4,535
7	Retail and commercial enterprise	Retail level 1	Level 1	4,409
7	Retail and commercial enterprise	Retail level 2	Level 2	4,079
7	Retail and commercial enterprise	Retail level 3	Level 3	4,079
7	Retail and commercial enterprise	Retail Level E	Level E0	4,409
7	Retail and commercial enterprise	Hair and Beauty level 1	Level 1	4,528
7	Retail and commercial enterprise	Hair and Beauty Accelerated Learning Level 1-2	Level 1-2	5,680
7	Retail and commercial enterprise	Hair and Beauty level 2	Level 2	4,220

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
7	Retail and commercial enterprise	Hair and Beauty level 3	Level 3	4,220
7	Retail and commercial enterprise	Hair and Beauty Level E	Level E0	4,528
7	Retail and commercial enterprise	Hairdressing Level 1	Level 1	4,528
7	Retail and commercial enterprise	Hairdressing Accelerated Learning Level 1-2	Level 1-2	5,491
7	Retail and commercial enterprise	Hairdressing Level 2	Level 2	4,220
7	Retail and commercial enterprise	Hairdressing Accelerated Learning Level 2-3	Level 2-3	5,099
7	Retail and commercial enterprise	Hairdressing Level 3	Level 3	4,220
7	Retail and commercial enterprise	Beauty Therapy level 1	Level 1	4,528
7	Retail and commercial enterprise	Beauty Therapy level 2	Level 2	4,220
7	Retail and commercial enterprise	Beauty Therapy level 3	Level 3	4,220
7	Retail and commercial enterprise	Beauty Therapy Accelerated Learning Level 1-2	Level 1-2	5,680
7	Retail and commercial enterprise	Nail Technology level 2	Level 2	4,220
7	Retail and commercial enterprise	Nail Technology level 3	Level 3	4,220
7	Retail and commercial enterprise	Theatrical Special Effects level 2	Level 2	4,220
7	Retail and commercial enterprise	Theatrical Special Effects level 3	Level 3	4,220
7	Retail and commercial enterprise	Spa Therapy level 3	Level 3	4,220
7	Retail and commercial enterprise	Professional Cookery level 1	Level 1	4,868
7	Retail and commercial enterprise	Professional Cookery Accelerated Learning Level 1-2	Level 1-2	5,551
7	Retail and commercial enterprise	Professional Cookery level 2	Level 2	4,623
7	Retail and commercial enterprise	Professional Cookery level 3	Level 3	4,623
7	Retail and commercial enterprise	Professional Cookery Level 4	Level 4	3,651
7	Retail and commercial enterprise	Catering Entry Level	Level E0	4,868
7	Retail and commercial enterprise	Hospitality & Catering level 1	Level 1	4,868

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
7	Retail and commercial enterprise	Hospitality & Catering level 2	Level 2	4,623
7	Retail and commercial enterprise	Hospitality & Catering level 3	Level 3	4,623
7	Retail and commercial enterprise	Hospitality & Catering Level E	Level E0	4,868
8	Leisure, travel and tourism	Sport and Leisure level 1	Level 1	4,355
8	Leisure, travel and tourism	Sport and Leisure Accelerated Learning Level 1-2	Level 1-2	5,025
8	Leisure, travel and tourism	Sport and Leisure level 2	Level 2	4,015
8	Leisure, travel and tourism	Sport and Leisure level 3	Level 3	4,015
8	Leisure, travel and tourism	Sport and Leisure Level E	Level E0	4,355
8	Leisure, travel and tourism	Travel and Tourism level 1	Level 1	4,409
8	Leisure, travel and tourism	Travel and Tourism Accelerated Learning Level 1-2	Level 1-2	4,338
8	Leisure, travel and tourism	Travel and Tourism level 2	Level 2	4,079
8	Leisure, travel and tourism	Travel and Tourism level 3	Level 3	4,079
8	Leisure, travel and tourism	Access to HE Tourism & Hospitality	Level AA	3,232
9	Art, media and publishing	Performing Arts level 1	Level 1	5,060
9	Art, media and publishing	Performing Arts level 2	Level 2	4,851
9	Art, media and publishing	Performing Arts level 3	Level 3	4,851
9	Art, media and publishing	Performing Arts level 4	Level 4	5,041
9	Art, media and publishing	Performing Arts Level E	Level E0	5,060
9	Art, media and publishing	Music & Music Technology Level 2	Level 2	4,851
9	Art, media and publishing	Music & Music Technology Accelerated Learning Level 2-3	Level 2-3	6,031
9	Art, media and publishing	Music & Music Technology Level 3	Level 3	4,851
9	Art, media and publishing	Art and Design level 1	Level 1	5,152
9	Art, media and publishing	Art and Design Accelerated Learning Level 1-2	Level 1-2	6,005

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
9	Art, media and publishing	Art and Design level 2	Level 2	4,960
9	Art, media and publishing	Art and Design level 3	Level 3	4,960
9	Art, media and publishing	Art and Design Level E	Level E0	5,152
9	Art, media and publishing	Art Foundation Studies Level 3	Level 3	4,960
9	Art, media and publishing	Media level 1	Level 1	4,950
9	Art, media and publishing	Media Accelerated Learning Level 1-2	Level 1-2	5,400
9	Art, media and publishing	Media level 2	Level 2	4,721
9	Art, media and publishing	Media level 3	Level 3	4,721
9	Art, media and publishing	Media Level 3 with Increased Workplace Learning	Level 3	5,357
9	Art, media and publishing	Production Arts Level 2	Level 2	4,711
9	Art, media and publishing	Production Arts Level 3	Level 3	4,721
11	Social sciences	Access to HE Humanities	Level AA	2,772
14	Preparation for life and work	Foundation Studies level 1	Level 1	6,184
14	Preparation for life and work	Foundation Studies Level 2	Level 2	6,184
14	Preparation for life and work	Foundation Learning Level E1	Level E1	6,184
14	Preparation for life and work	Foundation Learning Level E2	Level E2	6,184
14	Preparation for life and work	Foundation Learning Level E3	Level E3	6,184
14	Preparation for life and work	ILS Profound Level E1	Level E1	10,277
14	Preparation for life and work	ILS Profound Level E2	Level E2	10,277
14	Preparation for life and work	ILS Profound Level E3	Level E3	10,277
14	Preparation for life and work	ILS Profound Pre Entry	Level PE	10,277
14	Preparation for life and work	ESOL Level 1	Level 1	5,170
14	Preparation for life and work	ESOL Level 2	Level 2	4,982
14	Preparation for life and work	ESOL Level E1	Level E1	5,170

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
14	Preparation for life and work	ESOL Level E2	Level E2	5,170
14	Preparation for life and work	ESOL Level E3	Level E3	5,170
14	Preparation for life and work	ESOL Pre-entry	Level PE	5,170
14	Preparation for life and work	ILS Moderate Level E1	Level E1	6,538
14	Preparation for life and work	ILS Moderate Level E2	Level E2	6,538
14	Preparation for life and work	ILS Moderate Level E3	Level E3	6,538
14	Preparation for life and work	ILS Moderate Level E3 with Increased Workplace Learning	Level E3	8,724
14	Preparation for life and work	ILS Moderate Level E3 with supported internship	Level E3	6,599
14	Preparation for life and work	ILS Moderate Pre-Entry Level	Level PE	6,538
14	Preparation for life and work	Preparation for Work Level 1	Level 1	6,184
14	Preparation for life and work	Preparation for Work Level 2	Level 2	6,184
14	Preparation for life and work	Preparation for Work Level E1	Level E1	6,184
14	Preparation for life and work	Preparation for Work Level E2	Level E2	6,184
14	Preparation for life and work	Preparation for Work Level E3	Level E3	6,184
15	Business, administration and law	Accounting level 2	Level 2	4,070
15	Business, administration and law	Accounting Accelerated Learning Level 2-3	Level 2-3	5,259
15	Business, administration and law	Accounting level 3	Level 3	4,070
15	Business, administration and law	Accounting level 4	Level 4	3,225
15	Business, administration and law	Access to HE Financial Services	Level AA	2,981
15	Business, administration and law	Business Administration level 1	Level 1	4,405
15	Business, administration and law	Business Admnistration Accelerated Learning Level 1-2	Level 1-2	5,510
15	Business, administration and law	Business Administration level 2	Level 2	4,075
15	Business, administration and law	Business Administration Accelerated Learning Level 2-3	Level 2-3	6,031

Subject Sector Area	Subject Sector Area Title	Programme Title	Level	Programme value 2020/21
15	Business, administration and law	Business Administration level 3	Level 3	4,075
15	Business, administration and law	Business Administration Level E	Level E0	4,405
15	Business, administration and law	Legal Secretaries Level 2	Level 2	4,075
15	Business, administration and law	Legal Secretaries level 3	Level 3	4,075
15	Business, administration and law	Medical Administration level 2	Level 2	4,075
15	Business, administration and law	Medical Administration level 3	Level 3	4,075
15	Business, administration and law	Business Studies Accelerated Learning Level 1-2	Level 1-2	4,978
15	Business, administration and law	Business Studies Level 2	Level 2	4,075
15	Business, administration and law	Business Studies Accelerated Learning Level 2-3	Level 2-3	5,016
15	Business, administration and law	Business Studies Level 3	Level 3	4,070
15	Business, administration and law	Access to HE Business Studies	Level AA	3,225
15	Business, administration and law	Law level 3	Level 3	3,478
15	Business, administration and law	Legal Practice Level 2	Level 2	3,478
15	Business, administration and law	Legal Practice Level 3	Level 3	3,478
98	Unknown	Access to FE Level 1	Level 1	2,254
98	Unknown	Access to FE Level 2	Level 2	2,254

ANNEX J – Higher Education Grants

Table 1a: Actual expenditure on student grants, 2019-20

	2019-20
Full-time undergraduate	
Maintenance Grant	£196,743,274.47
Tuition Fee Grant	£127,882,244.65
Allowances	£20,295,192.76
Near Cash	**£344,920,711.88**
Part-time undergraduate [1]	
Maintenance Grant (Pre 2018)	£3,830,960.22
Maintenance Grant (Post 2018)	£16,688,579.38
Near Cash	**£20,519,539.60**
Postgraduate	
Contribution Grant	£12,309,116.54
Total	**£12,309,116.54**
Further Education	
EMA	£17,149,980.00
WGLGFE	£4,995,915.00
Total	**£22,145,895.00**

[1] Allowances are included in both part time maintenance grant totals as we are unable to split them

Table 1b: Forecast expenditure on student grants, 2020-21 to 2024-25

Forecasts of financial year costs

Overall	2020-21	2021-22	2022-23	2023-24	2024-25
Full-time undergraduate					
Maintenance Grant	£222.3m	£239.8m	£251.5m	£262.4m	£275.9m
Tuition Fee Grant	£56.8m	£13.4m	£2.0m	£0.0m	£0.0m
Allowances (Full-time)	£21.3m	£22.3m	£23.2m	£24.3m	£25.5m
Near-cash	*£300.4m*	*£275.5m*	*£276.8m*	*£286.7m*	*£301.3m*
Part-time undergraduate					
Maintenance Grant	£23.0m	£26.1m	£29.4m	£32.4m	£34.8m
Tuition Fee Grant	£0.1m	£0.1m	£0.0m	£0.0m	£0.0m
Allowances (Part-time)	£1.8m	£1.8m	£1.9m	£1.9m	£1.9m
Near-cash	*£25.0m*	*£28.0m*	*£31.3m*	*£34.3m*	*£36.8m*
Postgraduate taught Masters					
Contribution Grant	£21.2m	£24.1m	£26.1m	£28.0m	£30.1m
Near-cash	*£21.2m*	*£24.1m*	*£26.1m*	*£28.0m*	*£30.1m*
Further Education					
EMA	£17.1m	£17.1m	£17.2m	£17.2m	£17.2m
WGLGFE	£4.6m	£4.5m	£4.5m	£4.5m	£4.5m
Near-cash	*£21.7m*	*£21.6m*	*£21.6m*	*£21.6m*	*£21.6m*
Total					
Near-cash	**£368.4m**	**£349.1m**	**£355.8m**	**£370.7m**	**£389.8m**

Source: Higher Education Division modelling
(models in use in November 2020), Welsh Government

Table 2: Forecast expenditure on student grants, 2020-21 to 2024-25, for Welsh students studying in Wales.

	Forecasts of financial year costs				
Students in Wales	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Full-time undergraduate[1]					
Maintenance Grant	£154.0m	£166.5m	£174.9m	£182.5m	£192.0m
Tuition Fee Grant	£35.8m	£8.4m	£1.3m	£0.0m	£0.0m
Allowances (Full-time)	£14.7m	£15.5m	£16.2m	£16.9m	£17.7m
Near-cash	*£204.5m*	*£190.4m*	*£192.3m*	*£199.5m*	*£209.8m*
Part-time undergraduate[2]					
Near-cash	*£23.5m*	*£26.2m*	*£29.3m*	*£32.2m*	*£34.5m*
Postgraduate taught Masters [3]					
Near-cash	*£13m*	*£14m*	*£15m*	*£17m*	*£18m*
Further Education (assume all Wales)					
Near-cash	*£22m*	*£22m*	*£22m*	*£22m*	*£22m*
Students in Wales total					
Near-cash	**£262m**	**£252m**	**£259m**	**£270m**	**£284m**

Source: Higher Education Division modelling
(models in use in November 2020), Welsh Government

Notes

[1]Proportion worked out by splitting total based on on numbers of students studying in Wales and elsewhere. This method overestimates Wales' share since it takes no account of lower averages for students studying at home and the higher averages for students studying away from home in London. This method reduces complexity and, in context, the difference is not significant.

[2]The main part-time model has a figure for maintenance grant for Welsh students studying elsewhere and a figure for the total maintenance grant. That ratio is used to split part-time.
Most part-time provision is in Wales, hence this figure is only a little lower than Table 1.

[3]A postgraduate split was calculated using SLC data accessed via their Microstrategy portal. That data has a count of customers in Wales with a course type of Postgraduate and also by government region of educational institution. The ratio of customers where institution region is Wales versus all customers is used to split postgraduate.

Table 3: Forecast expenditure on student grants, 2020-21 to 2024-25, for Welsh students studying elsewhere.

	Forecasts of financial year costs				
Students elsewhere	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Full-time undergraduate[1]					
Maintenance Grant	£68m	£73m	£77m	£80m	£84m
Tuition Fee Grant	£21m	£5m	£1m	£0m	£0m
Allowances (Full-time)	£7m	£7m	£7m	£7m	£8m
Near-cash	*£96m*	*£85m*	*£84m*	*£87m*	*£92m*
Part-time undergraduate[2]					
Near-cash	*£1.5m*	*£1.8m*	*£2.0m*	*£2.1m*	*£2.2m*
Postgraduate taught Masters[3]					
Near-cash	*£8.6m*	*£9.8m*	*£10.6m*	*£11.4m*	*£12.2m*
(Further Education assume none elsewhere)					
Students elsewhere total					
Near-cash	**£106.0m**	**£96.6m**	**£97.1m**	**£100.8m**	**£106.0m**

Source: Higher Education Division modelling
(models in use in November 2020), Welsh Government

Notes

[1]Proportion worked out by splitting total based on on numbers of students studying in Wales and elsewhere. This method overestimates Wales' share since it takes no account of lower averages for students studying at home and the higher averages for students studying away from home in London. This method reduces complexity and, in context, the difference is not significant.

[2]The main part-time model has a figure for maintenance grant for Welsh students studying elsewhere and a figure for the total maintenance grant. That ratio is used to split part-time.
Most part-time provision is in Wales, hence this figure is lower than Table 1.

[3]A postgraduate split was calculated using SLC data accessed via their Microstrategy portal. That data has a count of customers in Wales with a course type of Postgraduate and also by government region of educational institution. The ratio of customers where institution region is Wales versus all customers is used to split postgraduate.

ANNEX J – Loans Provision

Table 4a: Student Loans Provision

RAB charges: percentages applied from the Stochastic Earnings Pathway (StEP) model

	2020-21	2021-22	2022-23	2023-24	2024-25
Loan outlay					
Full-time undergraduate, Plan 1[(a)]	£12,150				
Full-time undergraduate, Plan 2[(b)]	£667,931,634	£685,713,291	£699,118,278	£727,880,813	£765,394,891
Part-time undergraduate	£18,934,145	£22,565,442	£24,460,711	£25,744,050	£26,622,611
Master's	£77,199,549	£86,591,338	£94,370,308	£101,462,603	£109,864,016
Doctoral	£7,379,143	£12,042,055	£16,535,530	£20,321,485	£22,814,553
RAB charge - percentages applied					
Full-time undergraduate, Plan 1[(a)]	31.8%				
Full-time undergraduate, Plan 2[(b)]	45.7%	45.5%	45.2%	45.1%	44.6%
Part-time undergraduate	40.2%	39.1%	38.5%	38.4%	38.2%
Master's	16.0%	14.0%	13.4%	13.4%	12.6%
Doctoral	43.2%	43.5%	43.3%	42.7%	42.0%

Source: Higher Education Division student loan repayment forecasts (StEP 3.17, July 2020 central coronavirus scenario OBR data, 2019 borrower data)

(a) Plan 1: Pre-2012 student loan regime

(b) Plan 2: Post-2012 student loan regime

Table 4b: Student Loans Provision

RAB charges: Amounts calculated, including stock charge and partial cancellation charge

	Actual	Forecast				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
RAB Charge	(264,499.30)	(349,761.02)	(368,482.03)	(388,643.93)	(413,739.69)	(435,040.99)
Stock Charge	14,733.02	(109,769.77)				
Partial Cancellation Charge	(27,679.69)	(35,697.33)	(37,836.50)	(40,248.59)	(42,989.10)	(45,786.71)
Total RAB Charge	**(277,445.97)**	**(495,228.12)**	**(406,318.53)**	**(428,892.52)**	**(456,728.79)**	**(480,827.70)**

Children Young People & Education Committee

Date: 21st January 2021
Venue: Senedd, Cardiff Bay
Title: Scrutiny of CYP&E Draft Budget 2021-22

1. Purpose

The Committee's Chair wrote to the Minister for Health and Social Services, the Deputy Minister for Health and Social Services and the Minister for Mental Health, Wellbeing and Welsh Language on 18 November 2020, 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 Children Young People & Education Committee (CYP&E) on the children and young people future budget proposals for 2021-22 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 21st December set out our spending plans for the HSS MEG by BEL.

Figures for 2022-23 are not available at this time as the draft budget covers one year only.

The tables below illustrate the budget moves from first Supplementary budget 2020-21 to Draft Budget 2021-22.

Allocations within the Health and Social Services MEG

SPA			
ACTION	**Delivery of Targeted NHS Services**		
BEL	**2020-21 First Supplementary Budget**	**Change**	**2021-22**
	£m	£m	£m
A Healthier Wales – Early Years	6.3	0.7	7.0

SPA	Supporting Children		
ACTION	**Supporting Children**		
BEL	**2020-21 First Supplementary Budget**	**Change**	**2021-22**
	£m	£m	£m
Support for Childcare and Play	63.351	17.900	81.251
Support for Children's Rights	0.991	0	0.991
Supporting Children	3.289	0.576	3.865
Children's Commissioner	1.580	0	1.580
Support for Families and Children	3.604	2.400	6.004
Total Supporting Children	**72.815**	**20.876**	**93.691**

Changes included within the Health and Social Services MEG relate to:

Action - Delivery of Targeted NHS Services in BEL - A Healthier Wales

- £0.7m increase support for Speech, Language & Communication for Early Years. This will take forward the 'Talk with me' plan and funding to support the new pathfinders with systems transformation.

Action – Supporting Children (various BELs)

- £17.9m increase for Support for Children and Play in respect of £15m increase in Childcare Offer, £1.9m increase harmonising rate with the foundation phase and £1m budget transfer for Holiday Hunger from the Education MEG.
- £0.576m increase for Supporting Children in respect of National Fostering Framework.
- £2.4m increase for Support for Families and Children including inter-parental conflict support; parenting support in relation to the Children (Wales) Act, adverse childhood experiences and additional programme costs.

SPA	CAFCASS		
ACTION	**CAFCASS**		
BEL	**2020-21 First Supplementary Budget**	**Change**	**2021-22 Draft Budget**
	£m	£m	£m
CAFCASS Cymru	12.152	1.470	13.622

Changes to the **CAFCASS Action** are reflective of the planned increase agreed in 2020 due to demand within the service in fulfilling their statutory obligations. The increase represents funding for expected staff costs and court-ordered contact services in 21-22.

BEL 0030 – Other Direct NHS Allocations

- £17m included within the Integrated Care Fund for programme activity for 'Children on the Edge of Care' (£15m) and a new allocation for safe accommodation for children with complex, high end emotional and behavioural needs (£2m).

New allocations within the Mental Health, Well-being and Welsh Language MEG relevant to children and young people

BEL 0270 –Mental Health

- £4m additional support the Whole Systems Approach (previously Whole Schools Approach) to improve access to support the emotional and mental health well-being of children and young people.
- £5.4m additional funding to support young people with diagnosed mental health condition through community or specialist in-patient services

3. Impact of expenditure on progressing children's rights under the Rights of the Child and Young Persons (Wales) Measure

Under the Rights of Children and Young Persons (Wales) Measure 2011, we have given balanced consideration to the rights set out in the UNCRC. The draft Budget 2021-22, published on 21 December, sets out the impacts of our spending decisions as part of the main narratives in chapters four and six, including highlighting spending decisions that directly impact on children and young people. This is complemented by the Strategic Integrated Impact Assessment at Annex C, outlining the contextual evidence that has supported our spending decisions, including the impact of the pandemic on children and young people. Annex C also includes more-detailed case studies on the impacts of specific spending decisions, including one on our support for children and young people's mental health.

The evidence contained in this paper also sets out further information as to how Children's Rights have shaped budget priorities in the HSS MEG and the MHWWL MEG.

In line with evidence we have provided during the scrutiny of previous budgets, an integrated approach enables us to understand more clearly the overall impact of decisions on children and young people. 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 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.

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 2021-22, with an emphasis on delivering our vision of integrated 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 centrally managed programmed activities in relation to public health, social care and supporting children.

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 measures to support 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 which we continue to support through universal, as well as more targeted support. This includes information, advice and support for parents through Parenting. Give it Time; support for speech, language and communication (SLC) through the Talk with me SLC plan; and the ongoing work to reduce or mitigate the impact of adverse childhood experiences (ACEs).

As well as significant investment in the NHS in 2021-22 we are allocating an additional £20m for early years support for children, young people and families. There will be an additional £16.9m in the Childcare offer and a further £3.1m to expand the Early Years Transformation programme building on what we know works from Flying Start and Families First and SLC support.

Our support for childcare and play provision contributes to all of the well-being goals, and specifically to those relating to a prosperous and healthier Wales. Investment in quality childcare and play can help young children develop into healthy, active

adults. It develops their cognitive and social and emotional wellbeing and mitigates the harmful effects of adverse childhood experiences. Childcare can also enable parents to work and train and lifts families out of poverty.

Our Childcare Offer specifically supports the Welsh Government's well-being objectives, in particular to:

- Support people and businesses to drive prosperity
- Promote good health and well-being for everyone
- Support young people to make the most of their potential
- Build ambition and encourage learning for life

We will continue to frame our budget allocations in line with preventative activities, making positive interventions that protect and build on existing foundations, including our commitment to children's rights.

Preventative Approach

Whole Systems approach

- An additional £4m will be allocated to extending the rollout of the whole systems approach from the MHWWL MEG. This will increase the allocation in 2021-22 to £7m from the MHWWL MEG. The investments will support the extension of schools counselling and further extend the existing in-reach pilots for the Child & Adolescent Mental Health Service into 2021-22. These services are helping to prevent the escalation of more serious mental health and well-being issues within school aged children and ensure sustainable improvements to timeliness of interventions. There is also £2m in the Education MEG that supports this programme, giving a total commitment of £9m.

National Fostering

- An additional £0.6m to support the existing programme work of the National Fostering Framework and enhancing Foster Wales. The programme work centers around rebalancing service provision addressing demands and improve quality of placements. Support also extends to other key areas of work around residential care including such as the provision of safe accommodation for children with complex needs and exploring ways to increase the use of special guardianship arrangements.

Early help

- An additional £3.1m, which also includes £0.7m funding from the A Healthier Wales Early Prevention funding from the HSS MEG. This funding will provide a range of interventions across a range of programmes which support children and families including Speech, Language and Communication to support the implementation of the delivery plan; inter-parental conflict support; parenting support in relation to the Children (Wales) Act, adverse childhood experiences and additional programme costs.

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Childcare Offer

- An additional £16.9m, with £15m increase in the core baseline budget for the Childcare Offer and £1.6m to harmonise the rate for the early education element of the Offer with the childcare element.

Integrated Care Fund

- Maintain the total investment in the Integrated Care Fund (ICF) for Children on the Edge of Care (£15m) and prioritising a new allocation of £2m to support the high-need looked after children currently being sent outside of Wales.

CAFCASS Cymru

- Planned increase of £1.470m, agreed in 2020-21, due to demand within the service in fulfilling their statutory obligations. The increase represents expected staff costs and court-ordered contact services.

NHS Child and Adolescent Mental Health Services for Tier 4 and Community Intensive Teams

- An additional investment of £5.4m for those vulnerable children and young people who need more significant support. Such support is offered at a community level whenever possible, but in some cases requires specialist Children and Adolescent Mental Health Services (CAMHS) intervention which may lead to inpatient treatment.

4. Policy and legislation allocations

The Committee requests an update on allocations within the Draft Budget 2021-22 Health and Social Service MEG in the following areas of interest:

Costs of legislation : *Planned expenditure on implementing the Children (Abolition of Defence of Reasonable Punishment) (Wales) Act in the run up to it coming into force.*

A regulatory impact assessment was published alongside the Bill at introduction in March 2019, setting out the estimated 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 worked through a Data Collection and Monitoring task and finish group to agree data collection and monitoring arrangements with the police and social services which will allow us to collect and monitor data both before and after commencement of the legislation, to help assess the impact of the legislation. We also are continuing to work with other stakeholders such as the Crown Prosecution Service Cymru and HM Courts and Tribunals Service to collect additional data after commencement.

We have awarded a contract to support the awareness raising campaign for the Act, and to support our *Parenting. Give it Time* campaign. In 2021-22, we have allocated up to £0.800m to specifically raise awareness of the change to the legislation. This is a comprehensive engagement and communications campaign, comprising; targeted work with partners, stakeholders and professionals; engagement with BAME and targeted audiences; a children and young people strategy; a multi-media public facing awareness campaign including TV, radio, outdoor and social media advertising. £0.2m has been allocated 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. We will also allocate up to £0.030m for social research to track levels of awareness and opinions on the legislation, and up to £0.043m to support engagement with young people through Children in Wales.

Child Poverty

An allocation of £23.27m has been made to the Housing and Local Government MEG through the Local Government Hardship Fund for provision in lieu of free school meals to eligible learners during school holidays in 2021-22.

An allocation of £15m has been made to the Childcare Offer which supports eligible working parents of 3 and 4 years old with their childcare costs. A typical parent whose child is benefitting from 20 hours of childcare per week is getting the equivalent of an extra £90 per week in their pockets – money they would not otherwise have had.

The Offer has been independently evaluated since the first year of implementation. The latest evaluation results are based on year 2 of the Offer and show that:

- 84% **of parents** reported having more disposable income
- 57% **of parents** felt work related decisions were more flexible
- 56% **of parents** had more opportunity to increase earnings
- 45% **of parents** reported having more opportunities for training, learning and development

The median salary level of parents supported by the Offer is approximately £21,000 per annum which is lower than the national average annual salary level of £25,896 per annum (as recorded by the Annual Survey of Hours and Earnings).

The latest evaluation of year 3 of the Offer is currently underway and results are expected in early 2021. During 2021-22 we will also be reviewing the rate of the offer and considering rolling out the Offer to parents of children in education and training.

The programmes within the Children and Communities Grant in the Housing and Local Government MEG are both early intervention and prevention programmes. These include Flying Start and Families First that support families in poverty. No new allocations have been made to the Children and Communities Grant at Draft Budget, but budgets have been maintained at 2020-21 levels.

Flying Start

The Flying Start revenue grant is 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), of which - Flying Start and Families First are tackling poverty programmes, enabling Local Authorities (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.

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.

The Flying Start programme straddles both primary and secondary preventative spend and is a tackling poverty and early intervention programme.

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. We want to progress the work of the nine PSB Early Years Transformation Pathfinders who are exploring what it would take to create a more integrated and responsive early years system, both locally and

nationally, by extending the number of PSBs on the programme to test the core components of an integrated early years' service.

We will **provide an extra £3.1m** across a range of programmes supporting Children and Families including Speech, Language and Communication to support the implementation of the delivery plan; inter-parental conflict support; parenting support in relation to the Children (Wales) Act, adverse childhood experiences and additional programme costs.

Since its inception, Flying Start has invested more than £68m capital developing the infrastructure needed across Wales to deliver this tackling poverty programme. This includes creating new childcare settings to provide 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 2021-22 is £5.529m** 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

The Families First revenue grant is part of the CCG. Local authorities can be flexible with how they use this funding within the grant conditions to provide early help to children and families that need it. This continuing investment is an important part of our commitment to helping children fulfil their potential and reduce incidence of adverse childhood experiences which impact on longer-term outcomes.

Childcare

In 2020-21 we developed the Coronavirus-Childcare Assistance Scheme to support parents through the pandemic. An allocation of £20m was also made from reserves to meet the rising costs of the Childcare Offer and to meet demand.

We have allocated an **additional £16.9m** to the Childcare BEL in 2021-22, which has increased funding available to the Offer in 2021-22 to **£76.9m**. Given the demand led nature of the Offer we cannot rule out the possibility that costs will exceed the allocated budget. If this happens then as in previous years this will be managed as an in-year pressure with the support of Welsh Government reserves.

In addition to an increase of £15m to reflect likely demand for the Offer, we are allocating £1.9m towards the costs of harmonising the rates for early education and childcare within the Offer. This follows a pilot of a single rate for both elements of the Offer in 2019. A number of settings are concerned about the disparity in the rate between the education and childcare elements of the Offer.

The total cost of harmonising the rates is expected to be around £3.8m with £1.9m coming from the Health and Social Services budget and a further £1.9m from the Education budget.

We have also committed to review the rate paid for the Offer. We are aware of concerns within the sector that the current rate does not reflect changes within the market including recent changes in the National Minimum Wage for example. Harmonising the rates is the first stage in addressing these concerns.

We have also committed to exploring the implications of extending the Offer to parents in education and training and on the cusp of work.

We are making good progress on both these fronts and expect the reviews to be completed February 2021.

The development of a single all-Wales digital system for administering the Offer has started, with a capital budget of £4.5m for 2020-21 and £4m forecast for 2021-22.

We will maintain the same level of continued support to CWLWM (Childcare Wales Learning and Working Mutually) of £1.4m. This is the umbrella consortium representing childcare providers in Wales. CWLWM plays a key role in maintaining a link between Government and providers on the ground and acts as a valuable sounding board as we develop and implement our policies.

This relationship has been invaluable during 2020 and in seeing us through the Covid-19 crisis an additional in-year allocation of £0.800 was provided to bolster activity relating to Covid-19 guidance and support for childcare providers through our CWLWM partners.

In 2020-21 we have continued to fund local authorities through the Childcare and Play element of the Children and Communities Grant in order that local authorities can help with the sustainability of childcare and play providers in their areas and address any gaps in provision in their local areas.

In 2020-21 we were able to allocate an additional £2.3m to local authorities as part of the Welsh Government's reconstruction package, on top of their usual annual allocation of £2.3m. This additional money was a one-off allocation to support settings which have felt the impact of Covid-19 and to try and ensure that we are able to sustain a strong and viable childcare sector into the future.

In 2021-22 we will continue to support local authorities in their work of securing childcare sufficiency. This funding sits within the Children and Communities Grant in the Housing and Local Government MEG.

Funding for the childcare and play services within Care Inspectorate Wales fell this year as a result of the closure of childcare services due to Covid-19 and the impact on inspection activity. We are expecting funding for CIW to resume to typical levels in 2021-22, which will be in the region of £0.4m. This will support joint inspection activity with Estyn for settings where childcare and early years are provided, will support ICT costs and administration of the nanny scheme.

We are also planning to maintain our funding for Social Care Wales (SCW) in respect of the work they do for the childcare workforce. Childcare forms a part of the wider social care workforce and SCW are supporting the implementation of the 10

year childcare, playwork and early years workforce plan we published in 2017.

In 2020-21 we allocated £0.315m to SCW, though changes to their work plan in light of Covid-19 meant they only required £0.3m. We expect funding to return to at least £0.315m in 2021-22 and are working with them to determine how best to re-profile and restart a range of planned activity to support the wider childcare workforce, including work on qualifications and registration.

We are supporting a range of programmes to upskill the childcare and playwork workforce through Progress for Success, which is funded from European Social Funds. In 2020-21 we expect to spend £0.715m in match funding to meet our commitments in respect of the programme. It is likely our commitments will be slightly reduced in 2021-22, though discussions around the rate of draw-down of European funding are ongoing.

We have continued to support other programmes aimed at supporting the childcare workforce. This includes Childcare Works, which is administered by the National Day Nursery Association, specific work on apprenticeships being taken forward by Mudiad Meithrin, and business support grants administered by Business Wales. While not all of these programmes will continue, with some scheduled to end this year, we will continue to invest in support programmes for the workforce through 2021-22.

Parents Childcare and Employment (PaCE)

The Parents Childcare and Employment (PaCE) is a £21.5m programme jointly funded by the European Social Fund and Welsh Government, working in partnership with Department for Work and Pensions (DWP). 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 Employment Education or Training (NEET). All parents enrolled onto PaCE have childcare as their main barrier preventing them accessing education, employment or training opportunities. PaCE builds upon services offered via Flying Start and Families First and operates outside the former Communities First areas, to complement other projects such as Communities for Work.

PaCE aims to work with 9,000 parents over the life of the project, and help at least 1,800 of those parents into work. As at October 2020, Pace has supported 5605 people. The programme has delivered consistently and is expect it to continue to do so despite the impact of Covid-19 restrictions.

Family Information Services

Funding for the Family Information Services (FIS) is delivered via the Local Authority Revenue Support Grant (RSG). .

Parenting support

In 2021-22, we have allocated up to £0.2m 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 from 0 – 7 to parents of 0 – 18 year olds.

A mapping exercise was completed to assess the current availability of parenting support across Wales, and in the light of the pandemic, we have also worked with parenting practitioners to collate and share their innovative work to deliver parenting support virtually. We are considering with our Parenting Expert Action Group the extent to which additional parenting support and resources may need to be made available.

Safeguarding & Advocacy £2.365m, in BEL 0460

Safeguarding services

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. These aims include:

- Work to support the implementation of forthcoming statutory guidance on safeguarding children from child sexual exploitation.
- National Action Plan on preventing and responding to child sexual abuse and implementation of actions from that plan which fall within the financial period;
- Publication and work to support the implementation of a Reducing Restrictive Practices Framework for childcare, social care, education and health settings;
- Work to develop advice on safeguarding in the early years.
- Work to promote safeguarding in adolescence multi-agency training package commissioned for development in this financial year.
- Continued work to support Covid-19 recovery through information, advice and support for children and young people, parents/carers, practitioners and the public.

Funding of £103,000 will support the development and implementation of policy to safeguard children as set out above. £53,000 of this is for delivery of actions under the National Action Plan on preventing and responding to child sexual abuse.

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. Funding of £180,000 is provided to the National Independent Safeguarding Board.

The Wales Safeguarding Procedures and aligned practice guides were issued in November 2019 on a digital platform and further promote consistent evidence based safeguarding practice across agencies and across Wales. On-going work led by the Wales Safeguarding Procedures Project Board will ensure the procedures and guides are reviewed and amended as emerging evidence of effective practice is identified and to sustain the digital offer. This will require £25,000 funding.

Funding for Safeguarding activity will remain at 2020-21 levels and 2021-22 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 and this will contribute to both prevention and the protection of children at risk.

Funding will be available to 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, guidance on emerging safeguarding issues for children and practice advice on safeguarding in the early years and the to support stronger corporate safeguarding policy and practice 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 Task and Finish Group was drawn to a close in November 2020 with a new approach being taken of Regional Fora which follows the footprint of the Regional Safeguarding Boards. This will be overseen by a National Forum chaired by Welsh Government and a Local Authority Head of Children's Services. The NASA will continue to be managed and monitored via the Regional and National Fora. The funding element from Welsh Government will continue (up to £550k each year).

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.'

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.

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.

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.

MEIC is currently funded until March 2021 by the Welsh Government at the sum of £535,980 per annum. As a result of the pandemic, an additional funding amount of £33,000 was provided to Pro-Mo Cymru to assist with the additional resources required (both staff and materials) to enable the MEIC service to appropriately respond to the increase in calls to the helpline and to produce Covid-19 specific resources to enable the maintenance of the provision during a period of great change and uncertainty for young people in Wales (e.g. responding to calls concerning uncertainty regarding education, specifically regarding exam results and preparation for university during the pandemic).

The pandemic has presented challenges regarding the procurement exercise to maintain the MEIC service beyond March 2021. Work is ongoing to enable the continuation of the service for a further year until March 2022. During this time, it is intended to continue to explore the provision of a Youth Information Service for Wales (Young Wales) of which, it is intended that MEIC would be one component. This extension will enable the service to avoid interruption whilst the larger proposed service is developed which will be flexible to enable and ensure alignment with current and future Ministerial priorities.

Looked after children

In 2021-22 the programme budget for Looked After Children (LACTG) and the Vulnerable Children budget will be respectively £0.660m and £3.156m.

The LACTG budget will enable the continuation and progression of an extensive programme of work as set out in the Improving Outcomes for Children programme. The key features of the programme are:

Safely reducing the numbers of children in need of care
Working with local authorities, the judiciary and other key stakeholders to continue to develop services which help keep families safely together. This includes using evidence based approaches such as family group decision making approaches to de-escalate family crises and support reunification, delivering peer learning across sectors. It also includes work to support the reform of the family justice system so that preventative measures are a key feature to avoid the need for families to become involved in care proceedings.

Providing and commissioning a flexible, affordable and sufficient range of high quality placements
To progress the work of the National Fostering Framework and the development of the marketing campaign. Recruitment of foster carers is key to the success and development of local authority fostering. It was identified that a requirement to achieve this goal would be the development of an "all Wales brand for Local Authority fostering", a consistent national brand for Local Authority fostering that reflects the strengths and personalities of the 22 Local Authorities - 'Foster Wales' is this brand. Foster Wales presents an opportunity to rebalance service provision, address demands, and improve quality of placement choice for children.
The programme also supports other key areas of work around residential care including such as the provision of safe accommodation for children with complex needs and exploring ways to increase the use of special guardianship arrangements.

Supporting Children who are Looked After to have the Best Possible Journeys through Care and Into Adulthood
To continue to provide support to care leavers to help them transition successfully into adulthood. There is also a range of cross government work which is focused on improving educational outcomes for looked after children, developing a range of accommodation options which provide positive experiences for children and young people who are leaving care and a programme of work around corporate parenting.

Vulnerable Children (£3.156m) – Activities include:

Independent Review Mechanism
The IRM manages the process by which prospective or approved adopters, and prospective or approved foster parents, can seek a review of a 'qualifying determination' made by an adoption or fostering provider. This includes local authorities and independent providers.

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.

Wales Adoption Register

The Welsh Government continues to work closely with the National Adoption Service to ensure the continuous delivery of the Wales Adoption Register. The Register provides a tailor-made database for adoption agencies (including voluntary adoption agencies) in Wales. It provides 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. During 21-22 the new Adoption Register for Wales will continue to be embedded to speed up matching of children through quicker notification of children and adopters in line with revised regulations.

Adoption Support

National Adoption Service Framework:

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

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. Funding will be directed at supporting champion co-ordinator posts in each of the NAS regions along with supportive posts to help further develop this area of work,

TESSA

Investment to fund for the recently established Therapeutic Education Support Service for Adoptive families (TESSA).

Best Practice Approaches

Implementation of best practice guides developed by the National Adoption Service.

Adoption UK Cymru

During 21-22 funding will be directed to Adoption UK Cymru to continue providing a wide range of services which include maintaining and growing volunteers, delivery of post approval training, provision of an Adoption Support Helpline in Wales, delivery of a bespoke service for adopted children age 7- 10, young people age 11 – 25 years old, and an 18-25 year old group.

Adopting Together

Adopting Together is a bespoke programme which finds adoptive families for the most vulnerable children who have been waiting the longest within Wales. Adopting Together families support needs are at a higher level, and require direct psychological and therapeutic support that are specific rather than generic, to ensure placement stability.

Cohort Study – Cardiff University

So far the study has yielded invaluable information direct from families and children which from a practice point of view, has enabled us to develop responses that will help to preserve adoptions ever more effectively; and to recruit greater numbers of suitable adopters because we can understand more fully the pressures on, and successes of, adoptive families and the best ways to support them in their role. In 2021-22 the funds will build on new areas of research, based on the recommendations stemming from the 5th wave data.

Association for Adoption and Fostering (AFA) Cymru
The Association for Fostering and Adoption (AFA) Cymru is a subsidiary of the St David's Children's Society, which undertakes a variety training work for fostering and adoption agencies as well as legal/ consultancy activities. This investment enables AFA Cymru to deliver its core services so that it can continue to strengthen arrangements within the fostering and adoption sector, and promote good practice and support around permanency and stable placements for looked after children.

Children and Family Court Advisory Support Service Cafcass Cymru
Planned recurrent increase of £1.470m agreed in 2021 due to demand within the service in fulfilling their statutory obligations. This increase represents expected staff costs and court-ordered contact services.

The current 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 court ordered 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
Funding of up to £0.991m in 2021-22 will support the implementation of the Rights of Children and Young Persons (Wales) Measure 2011. Part of this funding supports Children in Wales to deliver against their agreed plan in supporting the children rights agenda in Wales.

It also includes the development:

- and implementation of a participation strategy to enable Children and Young people to influence policy (article 12 UNCRC)
- and implementation of a raising awareness strategy to both internal and external stakeholders (article 42 UNCRC)
- of a comprehensive training offer or Ministers, Officials, Deputy Directors and external stakeholders
- of a research strategy focussed on Children's Rights

This funding will ensure that Welsh Government can deliver on the CYPE Committee recommendations into Children Rights in Wales and revised Children Rights Scheme.

The Office of 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 2021-22 and the resources required in discharging her statutory functions.

Play policy and services
In 2019 we piloted the use of playwork settings to tackle holiday hunger, and the success of these schemes resulted in the allocation of £1m to support this approach in 2021-22, located within the Education budget. It was always intended that this funding should sit alongside that allocated through the School Holiday Enrichment Programme.

We do not think any child should be hungry in the holidays. We funded free school meal provision during the 2020 school Easter holidays, spring half term and summer holidays as part of our Covid-19 response. In addition to that a further £11m was allocated for free school meals from the October half term up to and including the school Easter holidays 2021. This is something we are committed to continuing, increasing opportunities for children to play and addressing issues of hunger.

As a consequence of that provision, we redirected the £1m originally allocated to support playwork settings to tackle holiday hunger into the £1.6m used to provide play and childcare support to school aged vulnerable children over the school summer holidays. This sat alongside the support available to pre-school children via the Coronavirus Childcare Assistance Scheme, the funding in lieu of the School Holiday Enrichment Programme and the continuation of free school meals.

We have retained the £1m allocation for playwork settings to tackle holiday hunger in the budget for 2021-22. It will move from the Education budget into the Health and Social Services budget. We are considering how best to target that funding now that an allocation of £23.27m has been made to continue with free school meals for all eligible learners during school holidays during the 2021-22 financial year. Healthy snacks and drinks will remain available at playwork provision.

Next year, as in previous years, we will be continue to support Play Wales, the charity which supports children's play. Play Wales has worked with local authorities to improve their response to the Play Sufficiency Duty and to provide specialist advice and guidance to the playwork sector. Play Wales has a key role in maintaining a link between Government and the playwork sector. It acts as a valuable sounding board as we develop and implement our policies.

This relationship has been invaluable during 2020. From the Covid-19 reconstruction fund we were able to allocate an additional £0.200m in-year funding to enable Play Wales funding to support local authorities in accessing playwork provision.

The annual grant for Play Wales is to be maintained at the level it has been in recent years, which is £0.360m so that we can continue to capitalise on this key partnership. Play Wales is also supporting the Ministerial Review of Play which will report later in the year.

They will also assist local authorities by supporting the playwork network and third sector to ensure that they understand and comply with the Open Access Playwork protective measures guidance. Play Wales will use their expertise on workplace risk assessments and how to vary play opportunities to ensure that children and young people get the best benefit.

This financial year, a one-off allocation of £0.500m revenue and £3m capital funding from the Covid-19 reconstruction fund was allocated via the All Wales Play Opportunities grant to local authorities to help them meet their Play Sufficiency duty. The £0.500m revenue funding will help local authorities improve play opportunities, such as play schemes and other playwork activities, for children and young people during the holiday periods up to and including Easter 2021. This will help vulnerable communities and support parents by enabling them to work.

The £3m capital funding will enable local authorities to further support play opportunities for children as they will be able to open play areas which have remained closed as the equipment either needs replenishing or repairs. The funding will also be used to enhance children's outdoor play experiences by removing some of the barriers to accessing play space faced by disabled children and their families. Healthy snacks and drinks will be made available at playwork provision.

Disabled children's services

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

Funding has been maintained as part of the Healthier Wales funding for the clinical pathway for augmentative and alternative communication (AAC) equipment. £0.6m has been allocated to fund 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.

Funding of £0.572m has also been allocated from the budget for A Healthier Wales, in part for 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). An allocation has also been included to 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.

Through the Sustainable Social Services Third Sector Grant, in 2021-22, £9.8m 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. Specific support for disabled children is being provided through grant assistance to a number

of third sector organisations including Down's Syndrome Associations; Learning Disability Wales and Whizz Kidz.

Childhood obesity

There will be £5.5m invested to deliver the Healthy Weight: Healthy Wales strategy in 21-22. The delivery plan, published early 2020 set out commitments as part of the 10 year Healthy Weight Healthy Wales strategy but has been significantly impacted due to Covid-19 which has meant delays in achieving 2020 deliverables. However, the proposals set out in 2020-21 remain our focus and we will publish a revised timeframe for delivery in 2021-22. The funding will focus on:

- Support for a Clinical Obesity Pathway, which will be develop children and families services and develop support for families in the early years. This will include support 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.
- A 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 and will place a particular focus on sedentary behaviour and health inequalities in order to develop pilots to test new ways of working.
- Development of systems work through Local Health Boards and partners, to deliver bespoke engagement with children and families, in order to empower decision making and developing local solutions.
- Development of research and behavioural insight which will develop evidence informed actions through the delivery plan.

Neonatal Services

<u>Allocations to deliver the All Wales Neonatal Standards</u>

The All-Wales Maternity and Neonatal Network, formed in 2019 from an amalgamation of two previous networks, provides evidence-based timely advice to Health Boards, Welsh Health Specialised Services Committee (WHSSC) and Welsh Government in relation to both maternity and neonatal services. This merger established opportunities to foster closer links across the clinical pathway for mother and baby and provide new areas for joint working.

The Network uses 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.

The Network ensures regular monitoring of progress to full compliance with the Neonatal Standards, which were last revised by the Neonatal Network Steering Group in September in 2017. The standards were based upon the most up to date evidence and best practice guidelines available at that time to make them clinically and operationally relevant. They were influenced by neonatal developments across the United Kingdom and took 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 Welsh Neonatal Units working collaboratively in order to share the knowledge and skills required, to promote continuous service improvement.

The Maternity and Neonatal Network has developed a set of quality indicators for peer review that are more relevant, but will still need to be refreshed following the current round of reviews (due to complete in April 2021). In light of the ongoing peer review process and the impacts of Covid, the Maternity and Neonatal Network did not ask Health Boards to complete a self-assessment against the standards in 2020. These self-assessments 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.

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. An interim 24 hour neonatal transport model has been agreed and will be put in place from January 2021, pending the provision of a permanent model later next year.

We also expect 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 continue to review compliance with the Standards as well as agreed performance measures, clinical guidelines and policies relevant at the time of review.

The NHS England Transformational Review was launched this year and the Network has agreed to benchmark the Welsh service against this programme and present to the next Board meeting in March. This will include Welsh data, peer review themes, medical and nursing workforce, therapy support and the availability of transitional care.

Demand and capacity work for both Maternity and Neonatal services features on the Network and Collaborative work programme. A timeframe for this work is yet to be agreed. It will however require collaboration from WHSSC and Delivery Unit.

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

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 individual health boards.

Neonatal services are considered Essential Services that need to be maintained during the Covid-19 pandemic. Health boards have been instructed that they need to reflect plans to maintain such services as part of their ongoing planning and they are reporting against this to the Network and Welsh Government.

Since 2015, the Welsh Government has invested approximately £116m 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;
- £44.5m allocated for the Phase II developments at the University Hospital in Cardiff which completed in 2019;
- £25m allocated for Phase II of the Women and Children's scheme at Glangwili Hospital, Carmarthen which is due to complete in 2021;
- £10m allocated for Neonatal and Post-Natal Capacity on the Singleton Hospital site which was completed in October 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.

Perinatal Mental Health

During the COVID-19 pandemic we have ensured that perinatal services are amongst those 'essential' mental health services we have been clear must be maintained. Through the reporting mechanism we put in place on a regular basis with health board leads we receive assurance that community perinatal mental health services are still operational and available.

The original investment for perinatal mental health services to health boards was made in 2015-16 and was £1.435m. Future rounds of mental health transformation funding (commenced in 2018/19) and service improvement funding (in both 2019/20 and 2020/21) outlined a number of priority areas where health boards had flexibility to determine where their funding was allocated. This resulted in some, but not all, health boards allocating additional funding 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 21-22.

	Total
Health Board	**£m**
Betsi Cadwaladr University HB	807,426
Powys Teaching HB	223,309
Hywel Dda HB	327,109
Swansea Bay University HB	361,213
Cardiff and Vale University HB	301,149
Cwm Taf Morgannwg University HB	336,030
Aneurin Bevan University HB	472,237
	2,828,473

The Welsh Government remains committed to improving services, with perinatal mental health services remaining a priority area in 2021/22.

Proposals were developed by health boards based on the needs of their area and with the understanding that Welsh Government had confirmed to all health boards that they are expected to meet the Royal College of Psychiatrists Perinatal Community Standards. The Perinatal Clinical Lead has an important role in supporting health boards to work towards these standards. The impact of the mental health service improvement funding for perinatal improvements will be monitored through the agreed arrangements for the Together for Mental Health Delivery Plan 2019-2022.

Although there have been impacts on perinatal mental health work plans as a result of COVID-19, work is continuing to establish inpatient provision at the Tonna site within Swansea Bay University Health Board (UHB). We are on course for completing this build which is scheduled to open from April 2021. The costs for this build currently stand at £1.6m.

Children and Young People's Mental Health and Emotional Well-being
As a key focus of the Committee's scrutiny during this Fifth Senedd, we would welcome:

▪ ***Detailed commentary in relation to children and young people's mental health and emotional well-being***

In the draft budget, we are dedicating additional funding to support both the Children and Adolescent Mental Health Services (CAMHS) and Whole Systems Approach to mental health. This responds to the expected increase demand for these services and the need to shift to a preventative, integrated provision to support children and young people's mental health and wellbeing.

Support for young people with a diagnosed mental health condition is offered at a community level whenever possible but in some cases this specialist CAMHS intervention for the most vulnerable children may need inpatient treatment. The additional funding (£5.4m) will be directed towards bolstering the NHS CAMHS services plans against Tier 4 (specialist, including inpatient care) but also Community Intensive Teams.

As part of our Whole Systems Approach we will expand provision of school counselling and emotional support alongside scaling up the provision of CAMHS in-reach by extending the pilot sites on an all Wales basis, increasing funding by £4m in this budget, up to a total of £9m. We will also continue to support implementation of our whole systems approach framework, by funding implementation leads to work locally with schools, local authorities and other partners to develop local whole system approaches to learner wellbeing; and build on earlier activity by developing further universal and targeted interventions; professional learning opportunities; and supporting school staff wellbeing.

▪ ***Information on allocations for children and young people's mental health and emotional well-being in 2021-22 and where they can be found in the Health and Social Services MEG****.*

Centrally held mental health budgets have transferred into the new Mental Health, Wellbeing and Welsh Language MEG. NHS based funding for Mental Health services remains part of the main NHS allocation within the Health & Social Services MEG. The NHS ring fenced funding, for all mental health, has risen to over £726m for 21-22.

Within the Mental Health, Wellbeing and Welsh Language MEG
BEL 0270 –Mental Health

- £7.1m, announced in 2019-20, in relation over Mind Over Matter.
- £7m additional support the Whole Systems Approach to improve access to support the emotional and mental health well-being of children and young people*.
- £5.4m additional funding to support young people with diagnosed mental health condition through community or specialist in-patient services

*Continued investment of £2m in the whole systems approach from the Education MEG in 2021-22. This makes up £9m in total funding.

The mental health service improvement funding of £7m, in place in 20-21, will be allocated to health boards as part of their main allocation. There will be an increase in the Mental Health service improvement funding for 2021-22, as part of the additional £20m announced for supporting mental health.

We would further welcome details of*:*

▪ *Funding for delivery of priorities for children and young people's mental health and wellbeing as set out in the revised Together for Mental Health Delivery Plan.*

A number of the actions within the revised Together for Mental Health Delivery Plan are children and young people focused and will be delivered through the funding outlined above.

▪ *Details of funding to mitigate the impacts of COVID-19 on children and young people's mental health and wellbeing, including how this will address the disproportionate impact on certain groups (including, for example, those with pre-existing mental ill health, looked after and vulnerable children, and low income groups).*

In response to Covid-19, we have revised our Together for Mental Health Delivery Plan 2019-2022 to support the changing mental health need. The revised plan reaffirms our commitment to prioritise the mental health and well-being of children and young people and we have accelerated a number of actions, including expanding tier 0 and schools counselling to help do this.

In addition, throughout 2020, we have issued £9.9m additional mental health funding to the NHS, third sector and Local Authorities.

- £5m for the whole systems approach to mental well-being – this include extending schools counselling.
- £2.7 m in tier 0 support to help reduce the demand on primary care NHS mental health services. This includes support for children and young people – for instance through the Youth Mental Health Toolkit and the CALL helpline.
- £2.2m for surge capacity in respect to inpatient provision across Wales.

This is in addition to the planned £7m additional investment in mental health services through the service improvement funding (detailed below).

The joint Education and MHWWL MEG whole systems approach budget of £5m in the previous year and £9.4m in 2021-22 supports the Welsh Government response to Covid19. This recognises that the emotional and wellbeing impacts of the pandemic on children and young people will outlast the physical impact. In the previous year we have targeted funding at specifically supporting Covid-19 related activity, such as supporting school counselling providers to move provision online and developing specific Covid-19 related professional learning modules.

▪ *How this Draft Budget will support a 'whole-system', cross-Government and cross-sector approach to children and young people's mental health and wellbeing, including a focus on prevention/early intervention and building resilience.*

The Welsh Government has already agreed to review the membership and expand the scope of the Joint Ministerial Task and Finish Group on a Whole School Approach to Emotional Wellbeing and Mental Health (JMT&FG) which will become a 'Whole System' Ministerial Task & Finish Group to drive progress for the remainder of this Senedd term.

Whilst the focus will remain around school age children, the whole system approach will better reflect the current work of the group and enable it to provide leadership and expand across the additional relevant areas.

In particular, it will ensure the health and social services led actions are integrated with, and benefit from, the structured administrative and programme support that has been focussed around the Whole System Approach to date.

The first meeting of the refocussed group took take place on 14 December which will meet more frequently in the New Year to ensure that we keep momentum on the pace of delivery.

We intend to publish the final version of the WSA framework early in 2021 and are also considering what further work and support is needed to help schools, local authorities and other partners to effectively implement the framework. This includes how best to ensure monitoring and evaluation of our work locally by schools.

▪ *Funding to support the development and sustainability of the children and young people's healthcare workforce, including specific reference to the children and young people's mental health workforce.*

Within the Together for Mental Health 2019-2022 there is a priority action to develop a workforce plan for mental health. The workforce plan is being developed jointly by Health Education and Improvement Wales (HEIW) and Social Care Wales (SCW).

HEIW and SCW carried out a mapping exercise with Health Boards throughout November to identify staff and posts and this will inform the Workforce plan for Mental Health scheduled for consultation in late 2021. Throughout October, HEIW and SCW led a joint, month long virtual conference to engage a wider range of stakeholders to inform the future mental health workforce in Wales. This work will inform future expenditure on the children and young people's mental health workforce, however in the meantime elements of the service improvement funding is allocated to support the training and development needs identified by health boards.

▪ *Information on the £7 million mental health service improvement fund, to include (in relation to children and young people) details of how this funding is being utilised by health boards in 2020-21, and the objectives/priorities for this funding for 2021-22.*

Early on Welsh Government recognised the importance of providing as much flexibility as possible for health boards in responding to the pressures associated with the current pandemic situation in mental health and therefore released the first six months of funding (£3.5m) allocated to each health board to ensure the continuity and flexibility that was required at this time. Health boards were asked to retrospectively provide a high-level overview on how the funding was utilised to respond to the pressures associated with the current pandemic situation in mental health. Returns confirmed this funding had been utilised in a number of ways including: additional staffing from agency and redeployment, supporting extra care due to day care service closures, additional in-patient care capacity commissioned and reconfiguration of service models to provide them digitally.

The second £3.5m allocation was allocated to a number of priority areas. There will be elements of proposals targeted at young people included within most priority categories. The split across the priority areas for 2020-21 are detailed in the table below.

Priority area	Amount requested 20/21
CAMHS	£330,495
Eating Disorders	£501,385
Perinatal	£222,488
Psych Therapies – all age provision (with £51,000 specifically focused on CYP)	£446,446
Crisis / Out of Hours – all age provision (with £253,000 specifically focused on CYP).	£991,217
Early Intervention in Psychosis	£92,166
Other (i.e. pharmacy, prison health, recovery services)	£300,011
Covid response	£367,848
Non-specific Covid/ Delivery Plan priorities	£247,944
Total	£3,500,000

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

Equality, Local Government and Communities Committee

Date: **21 January 2021**

Time: **13.30 – 15.30 Minister and Deputy Minister for Housing and Local Government and Minister for Finance and Trefnydd**

15.45 – 16.30 Deputy Minister and Chief Whip

Title: **Draft Budget Scrutiny 2021-22**

Introduction

The Draft Budget includes spending plans for 2021-22. 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 21 December 2020.

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 the Deputy Minister and Chief Whip's portfolio by Spending Programme Area, Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.

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.

	2020-21 Final Budget £'000	2021-22 New Plans Draft Budget £'000	Change £'000	% Change
Revenue	3,937,550	4,211,257	273,707	6.9%
Non Cash	240	381	141	58.7%
Total Resource	**3,937,790**	**4,211,638**	**273,848**	6.9%
Capital	570,411	625,691	55,280	9.6%
Financial Transactions	151,505	91,786	-59,719	-39.4%
Total Capital	**721,916**	**717,477**	**-4,439**	**-0.6%**

Budget Overview

This is the final budget of the Fifth Assembly. This budget was prepared following the UK Government's one year Spending Review on 25 November 2020.

Despite being able to set revenue and capital plans for one year only, the Draft Budget reflects this Government's continued commitment to protect public services and jobs; 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 and our partners will face challenges and will need to make difficult choices.

The budget setting process for 2021-22 has focussed on the themes of protect, build and change. In making revenue allocations we have focussed on measures to tackle poverty and inequalities. Capital investments have focussed on tackling climate change, supporting biodiversity, housing and town centres. The budget process provided an opportunity to push forward Cabinet's combined efforts to maximise the use of our resources to improve outcomes in these 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.

Local Government

Revenue budgets within the Housing and Local Government MEG were baselined at the Final Budget 2020-21. Some adjustments were made to our revenue position in respect of City and Growth Deals (£10m reduction) and Fire Service Communications (£2.010m). These amounts were expected reductions in line with the completion of these funding streams.

The Housing and Local Government MEG received specific allocations to provide an improved settlement for local government, along with an allocation of £23.27m to the Local Government Hardship Fund to continue with the provision in lieu of free school meals for all eligible learners during school holidays in 2021-22. The MEG also received an uplift of £40m to the Housing Support Grant and an allocation of £4m from the Covid-19 reserve to the Homelessness Prevention Grant to continue the progress made to date in this area.

In the Spending Review, the Welsh Government received £766m in consequentials in 2021-22 as a result of Covid-19 related spending announcements in England in devolved areas. This will be deployed in our continuing efforts to respond to, and mitigate the impact of, the pandemic. Due to the uncertainty in this area and to ensure that any decisions on the allocation of this funding meet the evolving challenges presented by the pandemic, only a small number of allocations have been made from this funding for specific services which respond to the impacts of

the pandemic. As we better understand the impact of the winter months on the spread of the disease we will be making further allocations as necessary.

General capital budgets were also baselined at the 2020-21 Final Budget and no adjustments were made to this baseline in the Housing and Local Government MEG. Specific capital allocations were made to the Financial Inclusion BEL and to the Housing and Regeneration portfolio.

Local Government Settlement

Over the last year staff in local authorities have worked extremely hard to keep services in place during the pandemic, working flexibly to meet service user needs. Welsh Government has provided local authorities with significant financial support through the last nine months to address the additional costs and loss of income brought about by the response to Covid-19, with over £500m made available through the Local Government Hardship Fund. We also supported authorities with cash-flow in April by re-profiling the settlement to give them £526m early payment. We anticipate that there will be a need to continue to support local authorities with the additional costs and loss of income they are likely to experience in 2021-22 in response to the pandemic. An **allocation of £23.3m** has been made to the Local Government Hardship Fund in 2021-22 to continue to provide free school meals to eligible learners during school holidays. It is prudent to retain as much flexibility as possible now and we intend to make further allocations from this funding at Final Budget as we better understand the impact of the winter months on the spread of the disease. In particular we will consider what additional funding is needed to support the NHS and local government as they stand at the forefront of our response to the pandemic.

We were able to budget for a good Local Government settlement in 2020-21 with all authorities receiving at least a 3% increase. In this budget, our priorities were again to protect health and local services. In making decisions on the budget overall we have been able to ensure that local authorities get another good settlement overall, despite the negative impact on non-domestic rate pool and lower collection rates during the pandemic. We have provided local authorities with an **overall increase of 3.8%** on a like for like basis. Local authorities will continue to use the core funding that they receive through the settlement, as they do every year, to support the most vulnerable in society, whether through provision of social care, homelessness support or free school meals to name just a few areas. We would, of course, like to give longer term planning figures to authorities to base their financial plans upon, but are unable to do this without a longer term comprehensive spending review from the UK Government.

The local government settlement consists of revenue support grant and funding from non-domestic rates. The Local Government General Revenue Funding BEL has increased by £210.4m, as a result of increased funding of £211m, a transfer in of £1.1m and transfer out to the police settlement of £1.7m. The expected budget for non-domestic rates has fallen by £35m. Overall the effect of this is to provide a cash increase of £176m to the settlement. Taking account of £4m provided in this financial year for teachers pay to compare on a like for like basis this is an increase to the settlement of £172m.

This funding to Local Government is un-hypothecated but we anticipate this additional funding will primarily be used to support the core areas of schools and social care. Authorities will be able to continue and build on their focus to giving young people the

skills they need to reach their potential, and support people to live independently or to meet their care needs in a residential setting and prevent the need for hospital treatment. In general this generates a positive impact on children up to the age of 16 through education provision. Investment in social care benefits a range of people with protected characteristics, including disability - both physical and mental impairments – and age, as the highest proportion of those in receipt of social care are over 65.

The settlement provides the core funding for services, and the demarcation of this along the continuum of preventative to reactive has always been and remains difficult. Local authorities are responsible for carrying out their own impact assessment of decisions as part of their decisions on local budgets. There are key areas of local government services such as family programmes, education, supporting people to live independently that aim to prevent future difficulties and challenges occurring in people's lives. As part of the response to the pandemic local authorities have used blended service delivery using digital and face to face interventions, enabling them to continue to deliver services during this challenging period as well as using both staff and residents' time more efficiently.

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. The essential services delivered through local government support the wider health and wellbeing of people in Wales, especially with the wide ranging impact of the pandemic on many people's lives. The priorities of health and local government were set out in the draft budget and the provision of a like for like increase of 3.8% in the settlement reflects this. We know that local authorities have the local knowledge to deliver the majority of services in the best way in their areas through un-hypothecated funding. The ways of working set out in the Wellbeing of Future Generations Act have been essential in responding to the pandemic.

The pandemic has highlighted the need for communities to come together and involve a wide range of people and organisations. It has driven different ways of working and delivering services to meet the needs of service users. Local authorities will take this learning forward and adapt it as necessary as we move through the next financial year and into longer term planning. Some of these changes may be small but they show what is possible, and with advances in digital technologies all the time are a starting point for future innovation. Some of the key areas where changes have been made across authorities are:

- Councils have capitalised on the opportunity to work with homeless individuals on the underlying causes of their situation, particularly providing support with substance misuse.
- Within social care virtual technology has increased many residents' access to social workers and friends outside of their immediate network. Partnership working has been significantly increased and digital technology has meant that responses are much quicker.
- Digitally vulnerable learner panels put in place, working across learning disability teams, family gateways, third sector partners and health to discuss significant safety and welfare concerns.
- Changes to city, town and district centres to facilitate social distancing have also had benefits on air quality and environment.
- Online booking systems for recycling has reduced queuing and improved communication with users, one council reports their recycling centres running at a 90%+ recycling rate, up from an average of 75% average.
- Online library services, and click and collect provision

Many local authorities already had transformation plans in place and were at various stages within those plans. Authorities have reported that many areas of transformation plans, especially around digital transformation, have been accelerated due to the pandemic and need to continue vital service delivery.

Funding outside of the settlement

Alongside the settlement there are also elements of specific funding supporting Public Services Boards to improve the collective well-being of their areas. Provision for Transformation and Legislation supports our work to strengthen local government in the face of ongoing financial challenges and enable them to deliver vital services which support the social and economic wellbeing for all. We are providing funding for a sector-led improvement programme for local government, to enable a more proactive approach to coordinating and supporting continuous improvement across all local authorities – intended to address issues in councils early and prevent problems escalating or requiring intervention. We are also providing support for the establishment of corporate joint committees, which will enable a consistent approach to regional collaboration. These committees will help to align the key strategic decisions which underpin the sustainable development and transformation of regions as a whole.

Funding will also be provided to support the range of local government reforms introduced through the Local Government and Elections (Wales) Bill. One of the Bill's core themes is the promotion of local democracy and diversity including votes for 16-17 and foreign citizens legally residing in Wales allowing the involvement of additional groups of society to inform decisions.

For the next financial year we will continue to provide funding for statutory support and, where necessary, intervention where local authorities are experiencing significant challenges and require assistance to improve service performance and/or corporate capacity; this includes a current support package in Merthyr. We will also be providing funding to support digital transformation in local government, including funding for a Chief Digital Officer of Local Government to develop and support digital public service delivery and transformation.

City and Growth Deals

Funding for the Cardiff Capital Region City Deal was provided as revenue for the first five years of the 20-year deal (from 2016-17 to 2020-21). The remainder of the direct government funding support for the deal is to be provided as capital in accordance with the agreement between, the region, the Welsh Government and the UK Government, subject to the region successfully completing the required Gateway Reviews. Funding for the Swansea Bay City Region City Deal and the North Wales Growth Deal is also to be provided as capital. Budgetary provision for the agreed deals will be addressed through supplementary budgets as the financial arrangements for the deals are finalised.

EU Transition

The Finance Minister's statement on the Welsh budget set out the financial risks and issues around EU transition including our expectation that Wales should not lose out

financially. In 2018 the Welsh Government provided funding for strong and positive structures and support programmes to help Local Authorities in Wales work together to prepare; and to provide assurance on the capability, resilience and preparedness of local government.

A key element of this structure was the establishment of the LG EU Preparedness Advisory Panel – a strategic group made of regional LA representative Chief Executives, service leads, WLGA and Welsh Government. The panel has an oversight of the WLGA EUT Programme https://www.wlga.wales/brexit-transition-support-programme-for-welsh-local-authorities and LG 'Brexit co-ordinators' both funded programmes funded by Welsh Government. This approach, working in collaboration with local authorities and integrating the response between service areas has enabled more robust planning and risk assessment.

This support has helped Local Authorities to be as prepared as possible (given the uncertainties), with the Wales Audit Office noting the increased level and consistency of preparedness of LAs across Wales from Jan 2019, and highlighting the benefits and success of this model of collaborative working.

Those mechanisms have continued through 2020 in preparation for the end of the transition period, and whilst significant resource had to be diverted to Covid-19 response and recovery work, the EU transition focus has been maintained.

Local Government General Capital Funding

Alongside specific grants for investment which support local economic recovery the Local Government General Capital Fund is a key source of funding for local authorities for general investment in the local environment and services. The 2020-21 final Budget included the final year of a number of time-limited allocations which were due to end in 2021. In setting our capital budget for 2021-22, we have decided to continue this funding of £55m into 2021-22. This means that total capital funding of **£197.8m** is available for local authorities in 2021-22, **£35m** of this is intended to continue to support Local Government in delivering our joint priorities including decarbonisation, and a values led economic recovery following Covid-19.

Local government is fundamental to delivering decarbonisation – not only in the direct delivery of Councils' own services and estates but in providing local leadership across Wales and championing ambitious sustainable solutions and behavioural change. Working together to share expertise, evidence and solutions will help ensure investment, strategy and policy are effective as possible and help develop the quickest and most sustainable 'route-map' to achieving our legal obligations and our ambitions for net zero by 2030.

A Local Government Decarbonisation Strategy Panel bringing together local authority chief executives, WLGA, other public sector organisations, Welsh Government and relevant advisors including experts on decarbonisation and behaviour change was agreed by Ministers and Local Government Leaders this summer. It will drive local government's contribution to the 'Team Wales' approach to developing the next Low Carbon Delivery Plan for Wales and input to COP26 next November.

Non Domestic Rates

Local taxation is an integral part of the system for funding local government in Wales. The gross revenue payable from NDR is over £1.3bn. Once reliefs are applied, NDR contributes over £1bn towards the annual funding of local services.

The Welsh Government provides over £230m a year in statutory reliefs. The permanent Small Business Rates Relief (SBRR) scheme is providing over £125m of relief this year, with half of businesses paying no rates at all. Our charitable relief scheme provides benefit of over £65m, resulting in charities and community amateur sports clubs receiving between 80% and 100% off their rates bills. Empty Property Rates Relief provides an initial period of exemption from rates after a property becomes unoccupied, with relief totalling almost £30m. The impact of coronavirus on the level of property vacancies and the tax-base continues to be assessed. All these schemes are fully funded by the Welsh Government.

In 2020-21, as part of emergency Covid-19 measures, we introduced our Retail, Leisure and Hospitality Rates Relief Scheme, providing 100% relief to ratepayers occupying premises with a rateable value of up to £500,000. We have also made available over £875m of grant support to non-domestic ratepayers. Those with a rateable value of up to £12,000 have received a grant of £10,000, and those eligible for Retail, Leisure and Hospitality Rates Relief with a rateable value between £12,001 and £50,000 have received a grant of £25,000.

Throughout 2021-22, extensive work will be carried out in preparation for the next NDR revaluation scheduled to take effect from 1 April 2023. This will include a consultation on setting the decapitalisation rates for properties without a market rental value, planned for the spring. Towards the end of the year, further preparatory work will be undertaken to examine the potential impact on the tax-base of the revaluation. The Welsh Government will also continue to monitor the impact of Covid-19 on the non-domestic property tax-base. We will also be considering the longer term policy on the length of time between each revaluation and options for reforming NDR appeals.

On 15 December, we announced a freeze of the non-domestic rates multiplier for 2021-22. The multiplier is an integral part of determining ratepayers' bills. This decision will ensure, prior to applying any reliefs, that there is no increase in the amount of rates businesses and other ratepayers pay next year. Capping the NDR multiplier increases to CPI, rather than RPI, between 2018-19 and 2020-21, alongside freezing the multiplier in 2021-22 will result in ratepayers in Wales saving over £90 million on their rates bills since 2018-19.

The Welsh Government is assessing the resources available before making a decision on how to provide future support through non-domestic rates reliefs in 2021-22. The UK Government has indicated it will make a decision on non-domestic rates support in the New Year. The Welsh Government will consider how any additional consequential funding allocated to Wales can be best targeted to support our communities and businesses in Wales as part of our budget and spending priorities.

Council Tax

The flexibility to set their own budgets and council tax levels is a key tool in helping local authorities to deal with the challenges presented by years of austerity imposed by the UK Government. The setting of budgets and council tax is a matter for individual local authorities and the Welsh Government does not require authorities to conduct costly local referenda to set their tax level above a certain limit. Each authority is answerable to its electorate for the decisions it makes including its rate of council tax. Authorities need to take account of all the sources of income available to them in setting their budgets, they need to strike a balance between maintaining local services and recognising the financial burden on households.

Local authorities have reported that the pandemic has had an impact on collection rates for council tax this year. We have agreed to monitor the situation, especially as a number of authorities had applied different payment periods and payment holidays at the start of the pandemic in an effort to alleviate the pressure on local tax payers. The situation should become clearer towards the end of the financial year and we have agreed to consider options for providing additional funds if necessary to mitigate a shortfall at that stage.

Council Tax Reduction Scheme

Our council tax reduction scheme targets support towards the households who most need it. Around 280,000 vulnerable and low-income households receive help with their council tax bills through the scheme. Of these, around 220,000 pay nothing at all. We have maintained full entitlements to support since council tax benefit ended in 2013. We intend to maintain entitlements again in 2021-22 and we will continue to provide £244m through the annual settlement to fund the scheme.

In response to the increased numbers of CTRS applications which authorities have received as a result of the coronavirus pandemic, to date the Welsh Government has provided additional funds of £5.45m to local authorities from the Covid-19 Hardship Fund. Officials are working with WLGA and local authorities to continue to monitor the impact for the remainder of the year and have agreed to consider the position once the Quarter 3 returns have been received.

Housing and Regeneration

Housing is a key priority area in *Prosperity for All*, which sets out our vision that everyone should *live in a home that meets their needs and supports a healthy, successful and prosperous life.* Over this Senedd Cymru term we will have invested £2bn recognising the importance of good, quality housing to support thriving communities. The Covid-19 pandemic has demonstrated what can be achieved with a concerted full system effort supported by significant investment. It has highlighted the importance of home and community and focused minds on the future of our towns.

As part of our recovery effort in 2020-21 we provided additional investments in social housing, town centres and funding to unlock stalled sites in order to support a housing

led green economic recovery. This Draft Budget provides continued financial support in these areas.

£170m will be invested in social housing in 2021-22 (an additional **£14.8m** to the current baseline) to ensure we continue the high level of social housing provision which we have started to deliver during this current term of government and continuing our shift to a prevention and rapid rehousing approach to tackling homelessness in Wales in line with the Homelessness Action Group's recommendations. Allocations of **£40m** and **£4m** to the Housing Support Grant and the Homelessness Prevention Grant will drive forward transformation change in our plans to tackle homelessness.

In addition to this the pandemic has made it clear and has magnified the need for safe and secure homes, appropriate to the tenants' needs and working requirements. Our investment in affordable homes will drive higher standards relating to space, broadband readiness and access to high quality outdoor space. We are maintaining our Major Repair Allowance and Dowry budget at **£108m** to ensure the Welsh Housing Quality Standard is maintained and built upon and an investment of **£74m** in a third phase of Help To Buy Wales will set higher standards including for space and broadband connectivity.

Improving homes and local environments affect many aspects of people's lives, health and wellbeing. That's why place making is a huge part of our Transforming Towns approach. The pandemic has accelerated changes to our high streets, towns and city centres highlighting the need to rethink how we use towns and cities to encourage diversity incorporating living, learning, leisure, green spaces and economic growth. In 2021-22 we will be investing **£46.8m** realising this vision, which includes an **additional £5m** financial transaction capital to provide Town Centre Loans.

Homelessness and Housing Support

We strongly believe that everyone in Wales should have a decent place to call home and we are committed to our **goal of ending homelessness**. Investing in good quality housing, housing support and homelessness prevention are crucial areas of investment to help protect the most vulnerable in society. Good-quality homes are the bedrock of good communities and form the basis for individuals and families to flourish in all aspects of their lives.

Investment in housing delivers on a key policy objective and reduces pressures on other public services but also, more importantly, improves outcomes for individuals and families. We estimate that currently as a result of the pandemic, there are at least 4,000 people in temporary accommodation across Wales. Evidence from Crisis UK indicates that people who experience homelessness for three months or longer cost public services (health and criminal justice) an average of £18,388 which equates to over £73m in costs to public services in Wales (over £25.5m in health services alone) for those people currently in emergency accommodation if their homelessness is not resolved.

Families living in temporary accommodation and other forms of homelessness, are less likely to access important support services. Homelessness can also have a significant negative impact on the children in these households affecting their well-being, development and educational attainment. Furthermore, having a settled and secure home is important for parents. Without this, they are less likely to secure training and long term employment opportunities, which in turn affect their income. They are

therefore more at risk of living in poverty. Investment in housing and housing support services will help to ensure that children who are homeless, will be supported into long term homes. The transformation of the way homelessness services are delivered in Wales will also focus on prevention, aiming to alleviate the risk of homelessness for children.

During 2020-21 in our immediate response to the pandemic we strove to ensure that all individuals were provided with a safe environment in which their health and those of others was protected. We provided funding through the Local Government Hardship Fund to ensure that local authorities could provide emergency temporary accommodation and support for those sleeping rough or in inappropriate temporary accommodation in Wales. Building on this immediate response we invested further funding into Phase 2 of our Homelessness Plan, to ensure people could be supported to move on to permanent housing and not forced to return to the street. Despite pressure on our resources we have also continued to invest in preventative activity.

We recognise that capital investment in building new homes alone will not resolve homelessness unless we also invest in the support services needed to ensure that people can thrive in these homes. To build on the significant strides we have made toward our long-term goal of ending homelessness in Wales, a joint investment in both building and support services is needed. We have therefore allocated **an additional £40m revenue** to enhance these support services in 2021-22 and respond to demand – a total of **£166.8m** will be invested through the Housing Support Grant in 2021-22 to support the delivery of the transformational change required to achieve our long-term goal of ending homelessness. Reform of the housing system offers the opportunity to contribute significantly to a fairer and more equal Wales.

The Housing Support Grant is a preventative programme with a focus on actively helping those who require help now to support and maintain a home and also the development of innovative approaches to delivery designed to prevent people becoming more vulnerable in the future. It addresses the housing and housing related support needs of the most vulnerable individuals in society through a range of early intervention, prevention and support mechanisms. It supports vulnerable people to address the sometimes multiple problems they face, such as debt, employment, tenancy management, substance misuse, violence against women, domestic abuse and sexual violence, and mental health issues. Support is person centred, aimed at supporting people to secure and maintain sustainable housing by addressing the problems they face, helping to improve their health and well-being and helping them progress into, or nearer to, a job or training opportunity based on their specific circumstances. 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 Housing Support Grant supports the aim of working together to prevent homelessness and where it cannot be prevented ensuring it is rare, brief and un-repeated. To do this we need to tackle the root cause of homelessness and work to enable people to stay in their own homes longer. Through this grant we seek to secure a *Wales where nobody is homeless and everyone has a safe home where they can flourish and live a fulfilled, active and independent life.*

In addition to the £40m allocation to the Housing Support Grant, we have also allocated **£4m** revenue from the Covid-19 fund to the **Homelessness Prevention Grant,** increasing this grant to **£21.9m** in 2021-22. The Homelessness Prevention Grant further supports the delivery of services aimed at preventing homelessness, and where it cannot be prevented, ensuring it is rare, brief and un-repeated. The Homelessness

Prevention grant supports the delivery of a range of homelessness prevention and relief activity and strengthens implementation of homelessness legislation. This in turn addresses a number of the wellbeing goals of the Well-being of Future Generations Act, particularly A Healthier Wales but also A More Equal Wales and a Wales of Cohesive Communities. The **additional £40m** funding for the Housing Support Grant as well as the **additional £4m** for the Homelessness Prevention Grant will help deliver the transformational change required to achieve the Welsh Government's stated long-term goal of ending homelessness.

The Covid-19 pandemic has demonstrated the high level of previously unmet support needs and whilst the emergency additional funding has assisted in helping to meet these in the short term, to keep people safe during the pandemic, this longer term investment in housing support is necessary to enable us to build on the progress made and not go backwards. The **additional funding of £4m** to the Homelessness Prevention Grant will enable us to maintain the emergency provision of accommodation and support in the early part of the next financial year as required and ensure continuity of provision. This allocation will be sufficient to meet anticipated need for only a short period during 2021-22, further allocations from the Covid-19 reserve will be considered at Final Budget following consideration by Cabinet of the need across Welsh Government.

This funding will enable us to maintain and build on the 'everyone in' approach and will support implementation of the transformational shift to a rapid-rehousing approach, as set out in the Homelessness Action Group recommendations, and which is required in order to end homelessness in Wales.

Social Housing

Investment in social housing is a key commitment and a central plank of the green housing-led economic recovery with potential to deliver significant returns on investment both in economic and societal terms. Providing people with a safe, warm and secure home remains a key priority for the Welsh Government. Social housing remains a top priority, it can provide not only quality homes, but the support needed to ensure people can sustain their tenancies and thrive. It can positively impact on health, mental health and education, which is why we have never moved away from support for social housing since the Senedd came into existence.

It is our intention to build on and strengthen the good work already going on here in Wales and as such, as part of this budget, we are committing to investing **£170m** in 2021-22 in this area. This reflects our commitment to continue the high level of social housing provision which we have started to deliver during this current term of government.

Investing in good quality social housing not only protects some of the most vulnerable people in society but also helps to support the Welsh economy, creating and protecting training opportunities, jobs and supply chains through a community benefits approach. Community benefits and the procurement of contracts enable the benefits of our investment to remain in Wales and be maximised in local communities. In 2021-22 we are **allocating a further £36.8m** to social housing. Of this, £20m will support the Optimised Retrofit Programme, £2m will be directed towards the Physical Adaptations Grant and the balance will be bolster Social Housing Grants.

The 2019 Global Accounts shows that in 2019 Welsh housing associations spent over £1.3 billion (including operational expenditure, staffing costs, construction spend and maintenance/ major works), of which 85% was retained spend in Wales. Our investment in housing enables the housing association sector to lever in private sector funding. The sector has borrowed over £3bn to build new homes and improve existing homes. This is forecast to increase by £0.2bn a year for the next 5 years. Directly and indirectly Welsh housing associations support around 25,000 FTE jobs.

Our capital investment in developing new social housing is **preventative** in nature; every £1.20 spent on decent homes saves the taxpayer £1.80 on the cost of young people not in employment, education or training. It also enables significant jobs and training opportunities to be delivered through a community benefits approach

Jobs created by housing development enable many of the unemployed construction workforce to leave the unemployment list, reducing benefit expenditure and boosting opportunities for apprenticeships and training. Estimated annual welfare savings increasing to £1.1 billion per year by the end of the UK Government term. Social landlords have also spent £200 million in the past five years on projects to help workless residents and on initiatives to tackle unemployment. HM Treasury figures indicate that spending £1 million in improving existing housing supports over 32 jobs in the construction industry.

Help to Buy

Our investment of **£74m** into Help to Buy Wales Phase 3 is another key recovery allocation. (Repayments of £1.7m in respect of Phase 1 and 2 have been netted off this allocation). As well as helping prospective home owners in need of financial assistance to purchase a home, it will also support the house building industry, supply chains, economy and jobs.

The scheme supports those who need additional help to purchase a home and in doing so eases the pressure on waiting list for social rented homes and homes in the private rented sector. Help to Buy Wales has in place affordability checks for customers, which are in addition to the first charge mortgage lender checks, thus ensuring that applicants are able to meet their financial obligations, preventing financial hardship issues for customers. The development of homes for sale that are affordable provides the opportunity for people to live in good quality homes and enjoy the health and well-being benefits associated with good housing, thus preventing the development of health and social problems in the future.

The investment in Help to Buy Wales is, and will continue to, support, sustain and develop the construction industry. Phase 3 will be a key support mechanism for the housebuilding industry, and in the current climate it is particularly important in aiding its recovery from the impact of Covid-19. The lockdown and the new safe working practices have impacted on the housebuilding industry and there is concern about the future of the smaller developers that operate in Wales. There are 134 SMEs registered with the scheme. Help to Buy Wales is a reliable and important source of income for these businesses. The scheme also supports all those involved in the buying and selling of homes. (10,985 homes have been delivered since the beginning of the scheme – as at 30 September 2020, and 7,903 since this term of government).

In turn, by stimulating the house building industry the scheme supports new build home starts and completions (in 2018-19 - the last year for which there is a whole years data - the private sector accounted for 78% of all completions) and the delivery of community benefits. For example a development of 263 homes in Radyr, Cardiff will see the delivery of 30% affordable homes on the site, £1.6m for local schools, £750,000 for bus services and £260,000 towards local community centres and additional benefits.

The scheme works towards the 7 goals and 5 sustainable development ways of working as set out in the Wellbeing of Future Generations Act by 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 in building homes contributes to local economies, creating and supporting jobs and training opportunities as well as improving people's health, wellbeing and quality of life.

The scheme is an example of working in partnership to co-produce the best outcomes possible, utilising the strengths and assets people and places have to contribute. Welsh Government officials have worked in partnership with developers, representative bodies, UK Finance and Help to Buy Wales Ltd/Development Bank of Wales to co-produce Phase 3. A number of changes will be introduced to Phase 3 to address criticisms of the scheme, ensure support is targeted at those who most need it, while continuing to support the housebuilding industry and potential customers. Agreement about the scheme particulars has taken place through a sub Group of the Housebuilders Engagement Programme, where each aspect of the new Phase 3 has been discussed and agreed.

Decarbonisation & the Optimised Retrofit Programme

Whilst supporting economic recovery has been a key consideration for this year's budget, our commitment to alleviating climate change has also been at the forefront of our decision making.

By **investing £20m capital** in 2021-22 we are committing to extending the Optimised Retrofit Programme which is focussed on decarbonising homes whilst also simultaneously creating multiple other benefits through the development of new skills, assessment tools, supply chains and procurement frameworks that encourage SME development and create jobs. This programme will provide a stimulus package for boosting economic growth. Of course one of its other key benefits is that it seeks to improve the energy efficiency of homes and combat fuel poverty.

This investment will allow us to test the approach in many more homes. It is easily expandable and sustainable and can build sufficient knowledge and Welsh expertise to support a larger roll-out and help meet our 2050 decarbonisation targets. Once embedded, the Optimised Retrofit Programme will also support the longer term challenge of addressing climate change.

In addition to this, now that our successful Innovative Housing Programme is funding the building of affordable homes at scale and pace, it will be mainstreamed into our core social housing investment programme, seeking to build the near zero carbon, energy efficient social homes of the future. Evidence suggests that modular and other modern methods of home construction can successfully deliver near zero carbon homes and therefore this investment is considered crucial in response to the climate emergency. Making these homes green and sustainable will reduce fuel poverty, enhance occupant wellbeing and contribute to lowering our carbon footprint.

Housing and Health

We will continue and increase our investment in the Integrated Care Fund with a budget of more than **£130m** (£89m revenue and £40m capital in 2021-22). The Integrated Care Fund Capital programme will continue to focus on investing in accommodation to enable older people with care and support needs and people with learning disabilities to continue to live independently, reducing burdens on hospital and residential care services. We will also invest in accommodation for children with complex needs to ensure they are able to live close to home and avoid costly and distressing out of county placements.

We will support this capital investment with integrated, preventative service models, including for 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 through to services to help people stay well at home and prevent hospital admission. The Fund is managed through Regional Partnership Boards, bringing health and social services together to deliver services around the needs of citizens.

Continuing our investment in the Integrated Care Fund Capital programme offers options to build on the existing programme, investing in assets to strengthen the housing and social care infrastructure to support A Healthier Wales. As a preventative programme, it aims to reduce demand for long term residential care, and the costs associated with hospital admissions and expensive placements. It offers cumulative long term benefits: jobs and supply chain opportunities during construction; acquisition of new social assets; accommodation which delivers savings over the lifetime of the investment; and improved efficiency and effectiveness of health and social care delivery, supporting the models of care set out in A Healthier Wales.

Our Independent Living revenue and capital adaptations programmes are further examples of preventative spend. They have a very significant impact by enabling disabled people to make their own decisions about where they want to live, promoting independence and dignity in line with the social model of disability. Adaptations programmes focus on making adaptations and improvements to existing properties to enable disabled people, frail older people and families with children with complex needs to continue to live independently in their own homes. They also provide rapid adaptations to facilitate timely hospital discharges and prevent Delayed Transfers of Care. The programmes relieve pressures on the NHS, not least by reducing the number of falls which are associated with lengthy hospital stays and poor long term outcomes, and reduces pressures on social care by reducing demand for residential care.

This is why we are maintaining our Care and Repair revenue and capital support at **£4.3m** and **£1.6m** respectively and our ENABLE capital budget at **£4m**. We have also increased the Physical Adaptations Grant capital budget with an **allocation of £2m** to an overall budget of **£10m** reflecting the increased demand this grant has experienced over past years.

These investments will help to create safe, warm and accessible homes, helping older people in Wales live independently in their own homes. It will also support the NHS by facilitating timely discharges and preventing unnecessary admissions and relieves costs on social care by reducing pressures on domiciliary and residential care.

The Integrated Care Fund Capital programme and the Independent Living adaptations programmes both contribute directly to A Healthier Wales by maximising the

contribution housing and adapted housing can make to supporting some of the most vulnerable groups (older people including those with dementia, adults with physical and learning disabilities, and families and children with complex needs) to live independently in the community. They are preventative investments that have cumulative benefits for individuals over time and which prevent problems escalating. Both programmes can only be implemented through the five ways of working, with a particular focus on collaboration an integration between housing, health and social care services, and the involvement and engagement of service users in designing and implementing solutions.

Welsh Housing Quality Standard

We are also maintaining our support for social landlords at **£108m per annum** to ensure the Welsh Housing Quality Standard is achieved and maintained. Our existing 225,000 social homes need to be of a high standard, recognising that quality housing has a demonstrable impact on health and well-being, and particularly mental well-being.

Future standards will focus on making our social homes more efficient, improving fuel efficiency, **reducing carbon** to ensure our social homes are easy and cheap to keep warm whilst reducing our carbon footprint.

Building Safety

Following the Grenfell Tower tragedy, high rise residential buildings (HRRBs) continue to face a range of systemic building safety weaknesses which are well documented.

Under existing leasehold contracts it is most likely that, in the eyes of the law, the leaseholder is duty-bound to fund remediation. But without financial support remediation is unlikely to happen at pace as the financial burden would be significant for leaseholders potentially resulting in bankruptcy, or significant financial hardship, for many. Working estimates indicate a cost to leaseholders of between £12k and £79k depending on the severity of defects. The problem is compounded by related issues regarding mortgages and insurance preventing borrowing against properties with identified cladding issues, leaving people feeling trapped in their own homes.

The issues faced by residents of high-rise buildings are not just housing issues. There are significant mental health concerns for those living in these properties. The potential for them presenting as homeless or requiring additional financial support and long-term access to support services is a genuine risk. The future building safety reforms being developed will take steps to address these issues and prevent them from occurring in the future.

The building safety programme is being developed on a cross governmental basis. There are direct impacts on Planning, Building Control and Housing and Public Protection functions within local authorities and impacts on the Fire and Rescue Services. The work cuts across several areas of existing legislation and reforms will also require new legislation in the future. Officials continue to develop the White Paper on Building Safety which will be published in January 2021. The impacts of the White Paper are not limited to protected groups.

Whilst we know there are 148 HRRBs in Wales (38 social/110 private), the demographics of high rise living is not clear. However, rents and property prices can be lower in these properties, therefore potentially attracting those from lower socio-

economic groups. Often high rise buildings attract younger and older people, who are attracted to their own property but with lower levels of direct 'effort' by themselves – i.e. no gardens, maintenance works undertaken by a building manager, etc., as such these groups can be on lower or more fixed incomes who are therefore less able to respond to high demands for financial contributions for remediation.

In 2021-22 we have **allocated £32m** capital in a range of buildings through a blended offer of grant and loan finance. The **£545k** revenue fund maintained from last year, will assist with the development of building safety policy and expertise. This fund will support the delivery of the Continuity Plan. The capital funding will support buildings of 18 metres and over (as outlined in the Road Map) with identified building defects in relation to building safety and will help speed up the pace of works to address fire and structural issues identified. It will also help maintain the quality of housing stock in Wales and allow residents, leaseholders and tenants to feel safer in their homes. Investment will flow through the building trade which is a cornerstone of economic recovery.

The Building Safety Programme will use the five ways of working outlined within the sustainable development principle of the Wellbeing of Future Generations Act, as key guiding principles. These are being used as the basis of policy development and subsequent actions. In practical terms, we are seeking to make homes safer (for buildings in scope). These properties are multi-generational assets and so it is important to take reasonable steps to ensure these homes remain safe for people to live in now and in the future. Failure to do so will undermine the integrity of the buildings and also impact upon the residents living with them. As well as potentially having a negative impact on the longer term availability of housing.

Town Centre Loans

As part of our recovery effort in 2020-21 we provided additional investment in town centres and funding to unlock stalled sites in order to support a housing led green economic recovery. The pandemic has accelerated changes to our high streets, town and city centres highlighting the need to rethink how we use town and city centres for leisure, learning and living and re-emphasising the need for local accessible services.

In 2021-22 we will invest a total of **£46.8m** into our Town Centre First approach including **£5m** of financial transaction capital funding for Town Centre Loans. This approach looks to encourage multiple reasons to visit town centres, not just to shop, but leisure, services, living, working and experience and to encourage our partners to locate services in town centres. Communities are at the heart of this vision to create high quality town centre environments that contribute to people's health and wellbeing whilst at the same time stimulating economic growth.

Town Centre Loans act as the catalyst to bring vacant and underutilised buildings back into use in the town centre. It forms part of the wider empty properties management agenda, providing a mechanism to allocate funds to local authorities to utilise in negotiations on chronically empty premises in town centres. We have an estimated 25,000 empty properties in Wales and if we can bring these properties back into use, this will alleviate the pressure on house builders, freeing up land for other uses or to not be used at all, promoting green spaces and biodiversity.

The properties will be redeveloped as shops, homes and leisure facilities. The loans are aimed at supporting activities that generate footfall, tackle empty sites and premises

and support businesses to grow and prosper both now and into the future. It is a repayable product that can be used for all types of refurbishment of empty properties and land in town centres. This includes home improvements which can relate to energy efficiency measures. The loans will be instrumental in providing local authorities with an incentive scheme to deliver changes to their town centres following the Covid-19 lockdown measures. The loan fund can be made available to owners who wish to make changes to their premises in order to adhere to social distancing measures.

This funding complements the 'Circular Economy' where we bring old unused buildings back into use before they degrade beyond all reasonable repair and can be used to create homes and premises for families and businesses rather than having to use resources to build new. There will be a variety of opportunities for smaller, local businesses to be involved in the repairs of the buildings. We will actively encourage local authorities to look for collaborative projects that provide exemplar opportunities in these empty buildings for environmental, economic, social and cultural benefits for communities around Wales.

Biodiversity & the Green Infrastructure Fund

Energy efficiency is a key consideration for any building improvements and renovation projects funded through the Regeneration programme. Funding which enables empty properties to be brought back into use and will allow for a potential blended approach to be taken encompassing an element of loan to enable the retrofitting of some low carbon solutions for building owners.

The investment we made last year of **£5m** to establish green infrastructure and encourage biodiversity in our towns and cities will be continued in 2021-22 which will benefit biodiversity as well as stimulate much needed investment in town centres improving their appeal as places to visit.

The resources deployed for this work will help mitigate the effects of climate change within our town and city centres. Green infrastructure is proven to help cool town and city centres, contribute significantly to well-being of residents and visitors and help instil a sense of place. SUDS related planting will help to mitigate the effects of flood related surface flooding.

Equalities

The Covid-19 pandemic has both highlighted and increased inequalities across Wales and a key focus of this budget has been to tackle poverty and inequalities. Revenue budgets across the Equalities portfolio were baselined at the final budget 2020-21. Specific allocations have also been made to build on these baselines to tackle inequalities.

Violence against Women, Domestic Abuse and Sexual Violence

We want to improve the economic, social, environmental and cultural well-being of Wales to achieve a prosperous, resilient, cohesive, healthier and more equal nation and society. This can only be achieved if individuals and groups within our communities are able to live free from fear of violence and abuse.

Women and their children are disproportionately affected by VAWDASV and the Covid-19 pandemic has deepened and aggravated this impact. The likelihood of being a victim of violence and abuse also increases with multiple vulnerabilities. BME women are proportionately more likely to be a victims of VAWDASV than white women, older people, those with disabilities, mental health or substance misuse problems are also more at risk.

The prevalence of VAWDASV is extremely high. The ONS Crime Survey for England and Wales (CSEW) (year ending March 2019) shows that 28% of women and 14% of men aged between 16 and 74 have experienced domestic abuse, and 14% of all crimes recorded by the police were domestic-abuse related. Nearly 3% of respondents aged 16-59 had been sexually assaulted in the previous year. In 2019-20 there were 45,242 police reported domestic violence and sexual violence crimes in Wales.

Evidence from the Live Fear Free helpline, other helplines across the UK, and the Police, as well as children's charities have noted increases in the reporting of domestic abuse during the pandemic. At the same time, perpetrator services have experienced an increase in calls from those concerned that their behaviour has tipped into abuse. It is vital that these callers are supported to prevent their behaviour escalating or developing into a cycle of abuse.

Following evidence that VAWDASV rose by an average of at least one third as the pandemic swept across the globe, £1.575m was allocated to bolster services during 2020-21. Local lockdowns and national 'firebreaks' are continuing the pressure on victims. The evidence indicates that demand for services will continue to grow and become more complex for some time and as a result a further **£1.575m has also been allocated in 2021-22** to continue to support these vital services. This funding will enable the specialist VAWDASV services to provide both preventative interventions, such as education, training and awareness raising programmes to tackle attitudes, but also reactive interventions, such as support, advice, guidance and counselling for victims and survivors of domestic abuse and perpetrator programmes. This increased investment will have a wide ranging impact; providing effective support to victims and perpetrators which will help to minimise impacts on health and criminal justice services.

Working with perpetrators and potential perpetrators to change their behaviour reduces the risk of further victimisation. Raising awareness and providing training for services working with children and families will improve resilience and reduce negative impacts on children's future life chances; supporting families to access appropriately resourced accommodation prevents homelessness.

VAWDASV revenue funding meets many of the well-being goals of the Wellbeing of Future Generations Act. It supports "A resilient Wales" by supporting victims of violence and abuse to access appropriate support, their resilience is developed and physical, mental and emotional wellbeing is safeguarded. It also supports "A more equal Wales" and "A Wales of cohesive communities" by helping victims/survivors and their families to play a full part in their communities, and to gain and retain employment and housing.

£1.2m capital has been added to the VAWDASV capital baseline in 2021-22 (this continues the allocation made at the 2020-21 Draft Budget). This funding will be directed to support third sector providers to buy dispersed community-based accommodation with flexibility to meet the needs of families which cannot be met by refuges, or to enable move on from refuges. Priority will be given to proposals that support and provide benefits to families with teenage boys; families with caring

responsibilities for older dependents or those with additional needs; male victims; victims with pets; victims with mobility and/or disability needs; and survivors who are ready to move out of refuge, but not yet ready to move to fully independent and permanent accommodation. This activity was planned for the 2020-21 financial year, however due to the pandemic the funding was re-prioritised to accommodate individuals impacted by Covid-19.

Equalities

Covid-19 has exacerbated current inequalities existing in Wales and has specifically adversely affected disabled and Black Asian Minority Ethnic people. During the 2020-21 financial year we provided additional support to organisations that played a critical role in the Covid-19 response and recovery and have been a vital link between Welsh Government and communities across Wales.

We expect the impacts of Covid-19 to continue into 2021-22 with a continuing disproportionate impact on those with protected characteristics. We will seek to tackle these inequalities with an **allocation of £1.1m** which will provide an opportunity to further support those communities most affected by Covid-19 across Wales during the recovery period, specifically disabled and Black Asian Minority Ethnic communities. The £1.1m additional budget allocation will assist with advancing the race equality agenda by supporting the development of the Race Equality Action Plan. This plan will put in place actions which will support Black Asian Minority Ethnic communities in Wales and work towards supporting those underrepresented and/or subject to higher levels of marginalisation and exclusion and will address intersectional issues. It will also allow us to begin to address some recommendations from the Black Asian Minority Ethnic Advisory Group. Similarly, a report on the impacts on disabled people is underway and actions recommended from this report will be equally important during recovery and can begin to be addressed through activity supported by the additional £1.1m budget allocation.

With the next Equality and Inclusion programme currently in development, due to commence in October 2021, we will ensure that we shape a successor programme which will help achieve the Equality Objectives set and published in the Welsh Government's Strategic Equality Plan. We will also align funding to the actions in the Gender Equality Plan; Disability Action Plan; Nation of Sanctuary; Race Equality Plan; and Enabling Gypsies, Roma and Travellers.

By funding organisations that support people with protected characteristics, we are helping to ensure fairer access to services and opportunities in Wales. By supporting the long term needs of people with protected characteristics we will help prevent longer term problems by picking up the issues that affect people within these communities at an early stage in policy making. The delivery and actions of the programmes supported by the Equality budget contribute towards the Equality Objectives which will contribute to the Welsh Government maximising its contribution to the Well-being Goals, in particular the well-being goal, 'a more equal Wales' which includes reference to socio-economic inequalities and the goal of 'a Wales of cohesive communities'.

In 2021-22 we have merged the Equality and Prosperity BEL and the Community Cohesion BEL into a new BEL, the Equality and Cohesion BEL which will provide additional flexibility to support communities across Wales. In 2021-22 the projects funded from the European Transition Fund (Strengthening Community Cohesion £0.76m, EU Citizens Rights £0.5m and Tackling Hate Crime and Community Cohesion

£0.6m) have been removed from our baselines resulting in a budget reduction. The funding for these projects through the European Transition Fund was time-limited and this represents the end of the period of funding for these projects.

Third Sector

The **third sector** has a significant role to play if we are to achieve our aims of a fair, just and green recovery. Social enterprises have the ability to enable sustainable and inclusive economic growth. This can be achieved by supporting those furthest from the labour market to gain employment, as well as creating jobs in their own right. Working with the sector has wider reaching benefits in that it also enables community voices to be heard, help target those who have become disenfranchised as well as promoting greater equality. The benefits of this cannot only be measured in economic terms but also social, due to the reduced burden on statutory services.

The third sector and the volunteers it supports have played a vital role in our response to the Covid-19 pandemic and will be similarly involved supporting individuals and communities during recovery. This has shown just how important the sector is to the health and wellbeing of our communities. The Covid-19 crisis and the floods from earlier this year have demonstrated the importance of having a strong and vibrant third sector. The third sector will be crucial in enabling us to ensure the inequalities the pandemic has driven, do not become embedded.

Due to the huge range of both statutory and non-statutory services provided by the 30,000 third sector organisations in Wales to our communities, it contributes to prevention in all categories. The third sector infrastructure (provided through Third Sector Support Wales (TSPC)) provides support that enables third sector organisations to deliver a range of early interventions such as social prescribing and early years support. The infrastructure allows these organisations to operate by improving access to training and best practice on good governance. Third sector organisations can often identify future community support needs before the statutory sector is aware of the problems as they are working at a grass roots level. The infrastructure provides the mechanism through the TSPC to allow the sector to engage with Welsh Government and the wider public sector.

During 2020-21 we have provided over £24m of support for the sector which has enabled:

- Voluntary Services Emergency Fund has provided close to £7million, enabling 156 organisations to support 6,262 volunteers and help 764,073 beneficiaries. This fund closed in August and was replaced by the Voluntary Services Recovery Fund.
- The Voluntary Services Recovery Fund has to date (10 December) provided 102 organisations with grants worth £3.77m. These grants are supporting 2,413 volunteers and aim to help 198,704 beneficiaries.
- Third Sector Resilience Fund has to date (10 December) provided support worth £5.4 million to 122 charities and third sector organisations across Wales.

In 2021-22, we will be providing £4.915m core funding to support our third sector infrastructure, which represents **an increase of £0.669m**. In addition to providing an **additional £3m** of funds in 2021-22 to enable the sector to continue supporting the most vulnerable individuals in our communities.

This funding supports the delivery of a number of the seven well-being goals. The retention of local provision delivered by small organisations and also the development of local skills in terms of the management and growth of small Third Sector organisations

(A prosperous Wales); encourages social and economic resilience by offering a service which supports the development of local organisations. (A resilient Wales); contributes to an environment where people have the opportunity to reach their potential through contributing to local civil society (A more equal Wales) and has the capability to contribute to organisations which support the provision of attractive and safe communities (A Wales of cohesive communities).

Decisions in relation to supporting volunteering will be taken with the 'long term' needs in mind. Supporting small Third Sector organisations in their development could 'prevent' or ease pressure on public bodies as these organisations respond to and meet community needs. Often these smaller organisations have been founded by/with the 'collaboration' of the communities they serve.

Community Asset Loan Fund

An allocation of **£1m financial transaction capital** has been made in 2021-22 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 and 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.

In 2021-22, we have made an allocation of £0.5m to take forward the work of Blueprints. This will enable the continued support of the Women's Pathfinder Whole System Approach and 18-25 Early Intervention Service, the 'Visiting Mums' project and the roll out of trauma informed training to all Youth Offending Teams in Wales. This programme of work will help divert women and children from the criminal justice system and help rehabilitation and prevent re-offending.

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).

Tackling Poverty (including Welfare)

It is clear that the pandemic has had a disproportionate effect on those from lower socio-economic groups. A key theme of this budget has therefore been to tackle poverty. With revenue budgets baselined at the 2020-21 Final Budget position, the allocations made at last year's draft budget to tackle poverty have been baselined and will continue into 2021-22. This included allocations within our portfolios for period poverty, period dignity, the Financial Inclusion programme and the Time Credits Programme. The Council Tax Reduction Scheme is demand led and will also continue into 202122. A new **allocation of £1.1m** has also been made to bolster advice services and an **allocation of £1.5m in** financial transaction capital has been made to support financial inclusion.

For the Welsh Government as a whole, we continue to support children from low income households and Looked After Children to overcome the additional barriers that prevent them from achieving their full potential through the Pupil Deprivation Grant. We have also continued our support for free school meals, the School Holiday Enrichment Programme and the Holiday Hunger Programme.

Advice Services

We know that the economic impacts of Covid-19 and European Transition will fall disproportionately upon groups with protected characteristics, who are already disadvantaged. By supporting advice services, we will continue to make sure nobody is left behind by ensuring those groups tare accessing the advice and support that they need to resolve their debt, employment, housing and welfare benefit problems. The outcomes from advice service interventions proactively address poverty and inequalities which are key priorities of the reconstruction and recovery plans.

Whilst the Covid-19 is affecting everyone, the evidence is clear that the most disadvantaged people in Wales will experience severe financial impacts generated by the expected economic downturn. The Single Advice Fund services are reaching deep in to the heart of communities (through their design that encouraged collaboration amongst funded providers) ensuring those most in need access our services, for example in 2020 over 80% of people accessing services have a protected characteristic.

People from groups with protected characteristics are consistently failing to claim their correct entitlement to welfare benefits. Given the economic challenges that lie ahead in 2021-22, it is important that they are receiving their full entitlement to financial support from the Welsh and UK benefit systems. Helping people claim welfare benefits is a key activity delivered through the Single Advice Fund and, between January 2020 and

September 2020, people were supported to claim over £20 million of additional welfare benefit income.

By **investing a further £1.1m** in advice services, the Welsh Government is supporting cost effective initiatives that play a vital role in tackling poverty. For example, the outcomes from advice service interventions include supporting improvements to a person's health and well-being, their employability and financial circumstances. The additional investment will allow us to enhance and increase the provision of the Income Maximisation and Employment Discrimination Advice services delivered through the Single Advice Fund to target advice and support to groups with protected characteristics who are less likely to claim their legal entitlement to welfare benefits and are at highest risk of experiencing employer discriminatory practices. As previously stated, the most vulnerable groups in our society will be hardest hit by the economic crisis we will face during 2021-22 and the Equality and Human Rights Commission has highlighted the Covid-19 pandemic is increasing the potential for discriminative employer conduct, perhaps even more so as the economic crisis deepens. Therefore, these are particularly important services to provide additional funding for during these unprecedented times.

We know vulnerable people experience the largest number of social welfare problems and face the most extreme impacts from these problems. This is why we required Single Advice Fund Advice providers to ensure people from groups with protected characteristics are accessing their services. During 2020 over 80% of people (59% of whom are women), who have accessed Single Advice Fund services are from groups with protected characteristics.

The Welsh Government devised the Single Advice Fund to have a strong focus upon preventative activity. We are now funding an innovative service delivery model comprising of Advice and Access Partners who target early access to advice amongst people who tend not to ask for help until a problem has reached a crisis point - where resolution requires more costly interventions.

Our Single Advice Fund services also offer an empowerment approach, with service users having their own co-developed action plans, including the steps they will take in the resolution of their problem(s). This approach is building a service user's knowledge, capacity, and skills, helping them to prevent the reoccurrence of future social welfare problems.

Advice services positively contribute to the attainment of several Well-being goals, including a prosperous Wales (income maximisation), a resilient Wales (empowering people to deal with their own problems), a healthier Wales (reducing the stress caused by unsolved problems) and a more equal Wales (tackling inequality and promoting access to social justice).

The Single Advice Fund was designed to fund providers who proposed service delivery models that embraced the five ways of working. Therefore, the Welsh Government is now funding collaborative advice delivery models, which offer integrated and preventative services that resolve a person's problem and build their resilience to future social welfare problems occurring.

Financial Inclusion

The **Discretionary Assistance Fund** (DAF) as a demand driven grant fund is key in tackling poverty. The DAF offers cash payments or in-kind support (essential household items and white goods) providing urgent assistance to people to safeguard health and well-being. In 2021-22, we are maintaining support for the DAF at levels provided during the 2020-21 Final Budget.

Since the start of the DAF in 2013 more than 419,000 awards have been made totalling over £71.1m in grant funding to the most vulnerable. In 2021-22 the Discretionary Assistance Fund will continue to provide support to those in need with two types of grant that don't need to be paid back. The Emergency Assistance Payment (EAP) helps with essential costs after experiencing a crisis for reasons such as loss of job or delays in benefit payments 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. With individuals continuing to be affected by the pressures of Covid-19, individuals and families across Wales are turning to the fund for additional support to help them with some of the financial pressures and challenges they are facing.

During 2020-21 the pressures of Covid-19 have had a significant impact on individuals and families across Wales who are increasingly turning to the fund for additional support to help them with some of the financial pressures and challenges they are facing. In response to Covid-19, Welsh Government have invested an extra £13.9m into the DAF during 2020-21 to support the increasing demands on the fund including the large increase in claims. This additional funding also supported the relaxation to DAF rules concerning the number and frequency of EAP awards due to Covid-19 from 1 May 2020 to 31 March 2021. This provided vital support to individuals and families across Wales who are on low income and experiencing severe financial hardship. Between the periods 18 March 2020, when Covid-19 recording began, up to 30 November 2020, a total of 144,253 EAP DAF payments have been made totalling £9.3m, of which 116,247 quote Covid-19 as a cause, amounting to £7.5m.

Analysis of the Covid-19 emergency payments highlight that it is overwhelmingly being accessed by people who were already in hardship and who have been pushed further into hardship because of the Pandemic. DWP have been asked to actively signpost new claimants to DAF but numbers of people who are newly unemployed and accessing DAF remain low. As many businesses are relying on the UK Furlough scheme to pay their staff it is predicted that there will be a sharp rise in redundancies, business closures and unemployment with more people looking to claim Universal Credit. In these circumstances it is expected that some individuals will turn to the DAF for support. Further support for the DAF will be considered as part of the consideration of allocations to make at Final Budget from the Covid-19 reserve.

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.

Whilst credit unions strive to provide affordable credit and savings to everyone, there are people who due to their already fragile financial situations, including significant over-indebtedness, who simply cannot afford to lend responsibly and fairly with credit unions or other community finance providers. It is concerning that they will often turn to high cost credit and illegal lending and intensify their already vulnerable position. For this reason there is also £0.5m set aside to pilot a no interest loan scheme, working with Fair4All Finance and HM Treasury to test whether it is possible for people who currently cannot afford to lend from an affordable credit provider to be able to access responsible credit that is affordable to them.

Supporting the provision of affordable credit in this way is an example of preventative spend. The promotion of fair and responsible lending, with people only borrowing what they can afford to repay will help to reduce over-indebtedness levels in the longer term. It will have a very significant impact on people who, in accessing the right financial product at a fair price, can ease their financial worries, improve their financial wellbeing, and begin their financial journey by being encouraged to save a little alongside their lending, made possible by accessing low cost credit instead of high cost credit.

Credit Unions

In support of financial inclusion, Welsh Government provides funding to credit unions to take forward a variety of projects in our communities. These projects boost growth and reach, allowing more people who are financially excluded to be able to benefit from affordable finance. Projects include payroll growth to support financial resilience and encourage employees to build savings buffers, school and prison savers projects, community outreach work to boost membership and a collaborative marketing project which is raising awareness via social media. In response to the Covid-19 pandemic a **further £1 million capital** was secured to support credit unions with their capital positions during 2020-21 so they can continue to help people to access affordable credit. Credit Unions have been invited to apply for this support.

In 2021-22 we have **allocated a further £1m** financial transaction capital to credit unions, which highlights our support for credit unions and financial inclusion as a key commitment. The pandemic has brought into sharp focus the issue of financial exclusion and has magnified the need for affordable credit that is accessible and appropriate for everyone. Increasing financial inclusion by improving access to affordable credit will make a significant improvement to many aspects of people’s lives, health and wellbeing.

Digital Inclusion

Developing the digital skills of communities can lead to greater economic opportunities, a more equal society and improved social cohesion. Achieving a more digitally inclusive society will make a significant contribution to maximising the contribution of the Welsh Ministers to achieving each of the seven well-being goals of the Well-being for Future Generations (Wales) Act 2015 making Wales a more prosperous, resilient, healthier and equal society with well-connected communities, a vibrant culture and thriving Welsh language.

Equipping digitally excluded people with the basic digital skills to engage with technology enables them to access all the benefits of being online. This includes improved learning opportunities; applying for jobs; managing finances via online budgeting tools or online banking; staying in touch with friends and family; searching for and sharing tips for a healthy lifestyle; and accessing vital public services.

The pandemic has raised the importance of digital inclusion across Government and wider stakeholders, recognising the need to support citizens to be able to access vital services often delivered remotely during the pandemic. As a result we have maintained the Digital Inclusion budget in 2021-22 at £1.25m (a small non-cash allocation of £149k has been made to account for the depreciation of assets purchased during 2020-21). Ensuring that digital inclusion is at the forefront of the Welsh Government's spending plans as part of wider digital transformation, will support individuals to engage with digital public services including help to gain and retain employment, access health services and improve general well-being, preventing more costly interventions to the public purse.

Children and Communities Grant

The programmes within the Children and Communities Grant (CCG) contribute to our commitments to tackling poverty and inequalities. The grant focuses on early intervention and prevention with programmes supporting those most in need, particularly children and families and those seeking to access employment. Tackling inequalities is a key priority and a central strand of Covid-19 recovery. Maintaining this budget line at £135.4m allows the continuation of this support to the most vulnerable children and adults in our communities.

The CCG 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. They seek 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 Funding Alignment approach itself has been done so with close involvement of local authorities, working collaboratively with each other and Welsh Government.

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.

The Covid-19 crisis has generated a significant increase in the number of people in Wales claiming Universal Credit. DWP statistics show that there were 271,890 people on Universal Credit in Wales in October 2020 compared to 150,527 people in February 2020.

In August 2020, 221,190 households in Wales were on Universal Credit in Wales, 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 also provided transitional protection, meaning 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. There were no changes made as part of draft budget last year so £7m remained in the settlement. No changes are proposed for 2021-22 as we are still waiting for an updated model from DfE.

Joint Work of ELGC, Finance and Children, Young People and Education Committee

Last year, we published a Budget Improvement Plan for the first time as part of the 2020-21 Draft Budget package. This plan outlines our vision, including short-term and medium-term ambitions over the next 5 years, to improve our budget and tax processes.

This includes our approach to developing how we approach the assessment of the impacts of budget decisions In line with our commitment to continuously developing our approach. 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 published an updated Budget Improvement Plan alongside our 2021-22 Draft Budget which presents our rolling 5 year ambitions as well as a summary of our progress against planned commitments from last year's Plan during 2020.

This has included the new approaches we have explored despite the pandemic to inform what other approaches we could take to complement the SIIA of the budget. For example, following engagement with the Equality and Human Rights Commission last year, we have developed a distributional impact model for analysing public spending in

Wales and we have published our initial analysis as part of the 2021-22 Draft Budget package.

In January 2020 a research consortium involving Swansea University, Bangor University, Diverse Cymru and Young Wales was awarded the contract to undertake research into strengthening and advancing equality and human rights in Wales. The aim of this research is to investigate mechanisms to strengthen and advance equality and human rights in Wales, and to make recommendations for legislative, policy, guidance, or other reforms to meet this objective. The research methodology included undertaking stakeholder organisation interviews and workshops via an online platform, conducting lived experience focus groups involving children/young people and adults with different protected characteristics, and disseminating a questionnaire. The research team are currently in the process of analysing the data collected, with a view to field testing the draft findings/recommendations in mid/late December 2020. The final report, including the main findings and recommendations, will be submitted to Welsh Government by the end of February 2021.

For the 2021-22 Draft Budget, we will summarise the impacts of our spending decisions as part of the main narrative, as well as publish case studies on the impacts of specific spending decisions.

Our normal policy is that published impact assessments are presented alongside the policy work to which they refer. During the pandemic, the Welsh Government has included a section specifically on impact assessments related to coronavirus on the coronavirus section of our website - https://gov.wales/impact-assessments-coronavirus. Our current view is that placing impact assessments in the area of the website to which they relate reflects their integral role as part of the policy-making process and aids transparency and that this is preferable to providing impact assessments in one central location. We are currently carrying out a wider review of current effectiveness of and opportunities to keep improving our approach to assessing impact in policy development, work which has been delayed by the pandemic but which will also be informed by it. Evolving best practice in assessing impact may affect our future approach to how and where we share impact assessments.

In respect of the Integrated Impact Assessment, our current approach, is to include all impact assessments together in a single tool. We have now had over 2 years of experience of using the tool (during both normal policy making conditions and the unusual circumstances under which policy has developed during the current pandemic). Work on reviewing the IIA paused at the outset of the pandemic but is just recommencing and will form part of wider work on supporting the policy-making capability of the Welsh Government. 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

ANNEX A

EXTRACT FROM HOUSING AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)			
RESOURCE BUDGET			
BEL	**2020-21 Final Budget £000s**	**Changes £000s**	**New Plans Draft Budget 2021-22 £000s**
Local Govt General Revenue Funding	3,399,147	210,395	3,609,542
City & Growth Deals	10,000	-10,000	0
Police General Revenue Funding	86,600	1,750	88,350
Non-Domestic Rates Rates Relief	27,700	0	27,700
Local Govt PFI Revenue Consequences	3,124	-132	2,992
Transformation & Legislation	8,857	-1,818	7,039
Non-Domestic Rates Collection Costs	5,172	0	5,172
Emergency Financial Assistance Scheme	1	23,270	23,271
Total:Funding Support for Local Government Action	**3,540,601**	**223,465**	**3,764,066**
Valuation Office Agency Services	8,561	0	8,561
Valuation Tribunal for Wales	1,039	0	1,039
Local Taxation Research & Analysis	100	0	100
Total: Valuation Services Action	**9,700**	**0**	**9,700**
Sponsorship of the Local Democracy and Boundary Commission for Wales	598	0	598
Expenditure to Promote Local Democracy	126	0	126
Total: Building Local Democracy Action	**724**	**0**	**724**
Improvement & Support	350	0	350
Total: Local Government Improvement Action	**350**	**0**	**350**

EXTRACT FROM HOUSING AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)			
RESOURCE BUDGET			
BEL	**2020-21 Final Budget £000s**	**Changes £000s**	**New Plans Draft Budget 2021-22 £000s**
Academi Wales	1,134	0	1,134
Total: Academi Wales Action	**1,134**	**0**	**1,134**
Community and Town Councils	144	0	144
Public Services Boards	530	0	530
Total: Supporting Collaboration and Reform Action	**674**	**0**	**674**
Supporting Communities	483	0	483
Children and Communities Grant	135,442	0	135,442
Housing Support Grant	126,763	40,000	166,763
Total: Early Intervention, Prevention & Support Action	**262,688**	**40,000**	**302,688**
Financial Inclusion	13,202	0	13,202
Digital Inclusion	1,250	149	1,399
Total: Financial Inclusion and Digital Inclusion Action	**14,452**	**149**	**14,601**
Fire & Rescue Services	10,425	-2,000	8,425
Fire & Rescue Services - Communication Systems	1,765	2,150	3,915
Community Fire Safety	848	0	848
Total: Fire & Rescue Services and Resilience Action	**13,038**	**150**	**13,188**
Homelessness	17,907	4,000	21,907
Total: Homelessness Prevention Action	**17,907**	**4,000**	**21,907**
Housing Policy	5,429	-545	4,884
Total: Housing Policy Action	**5,429**	**-545**	**4,884**
Building Safety*	**0**	**545**	**545**
Building Safety	**0**	**545**	**545**
Housing Finance Grant	13,100	0	13,100
Total: Increase the Supply and Choice of Affordable Housing Action	**13,100**	**0**	**13,100**
Housing Programme Revenue Funding	1,073	0	1,073
Total: Housing Revenue Funding Action	**1,073**	**0**	**1,073**
Regeneration	560	0	560
Cardiff Harbour Authority	5,400	0	5,400
Total: Regeneration Action	**5,960**	**0**	**5,960**
Planning & Regulation Expenditure	5,096	0	5,096
Total: Planning and Regulation Action	**5,096**	**0**	**5,096**
EXTRACT FROM HOUSING AND LOCAL GOVERNMENT MEG - TOTAL RESOURCE BUDGET	**3,891,926**	**267,764**	**4,159,690**
***New BEL and Action - Building Safety**			

EXTRACT FROM HOUSING AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)			
CAPITAL BUDGET			
BEL	**2020-21 Final Budget £000s**	**Changes £000s**	**New Plans Draft Budget 2021-22 £000s**
Local Govt General Capital Funding	197,837	0	197,837
Total: Local Government General Capital Funding Action	**197,837**	**0**	**197,837**
Fire & Rescue Services	1,000	0	1,000
Fire & Rescue Services - Communication Systems	210	0	210
Community Fire Safety	670	0	670
Total: Fire and Rescue Services and Resilience Action	**1,880**	**0**	**1,880**
Rapid Response Adaption Programme	5,660	0	5,660
Total: Housing Policy Action	**5,660**	**0**	**5,660**
Integrated Care Fund	40,000	0	40,000
Total: Integrated Care Fund Action	**40,000**	**0**	**40,000**
Major Repairs Allowance and Dowry Gap Funding	108,000	0	108,000
Total: Achieve Quality Housing Action	**108,000**	**0**	**108,000**
Social Housing Grants (SHG)	163,219	36,780	199,999
Total: Increase the Supply and Choice of Affordable Housing Action	**163,219**	**36,780**	**199,999**
Building Safety	**0**	20,000	**20,000**
Total: Building Safety	**0**	**20,000**	**20,000**
Regeneration	41,808		41,808
Total: Regeneration Action	**41,808**	**0**	**41,808**
EXTRACT FROM HOUSING AND LOCAL GOVERNMENT MEG - TOTAL CAPITAL BUDGET	**558,404**	**56,780**	**615,184**

EXTRACT FROM HOUSING AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)				
FINANCIAL TRANSACTIONS				
BEL	**Financail Transactions**	**2020-21 Final Budget £000s**	**Changes £000s**	**New Plans Draft Budget 2021-22 £000s**
Financial Inclusion	Credit Unions	-5	1,501	1,496
Total: Financial Inclusion and Digital Inclusion Action		**-5**	**1,501**	**1,496**
Social Housing Grants (SHG)	Building with Modular and Housing Loans	60,000	-60,000	0
Land for Housing	Land for Housing	10,000	-10,000	0
Total: Increase the Supply and Choice of Affordable Housing Action		**70,000**	**-70,000**	**0**
Building Safety	Building Safety Fund	**0**	12,000	12,000
Total: Building Safety		**0**	**12,000**	**12,000**
Help to Buy Wales Fund and Other Schemes	Help to Buy	68,510	3,800	72,310
Action:Increase the Supply and Choice of Market Housing Action		**68,510**	**3,800**	**72,310**
Integrated Care Fund	Clych Caron Integrated Rescue Centre	2,000	-2,000	0
Total: Integrated Care Fund Action		**2,000**	**-2,000**	**0**
Regeneration	Town Centre Loans	10,000	-5,000	5,000
Total: Regeneration Action		**10,000**	**-5,000**	**5,000**
EXTRACT FROM HOUSING AND LOCAL GOVERNMENT MEG - TOTAL FINANCIAL TRANSACTIONS		**150,505**	**-59,699**	**90,806**

EXTRACT FROM CENTRAL SERVICES AND ADMINISTRATION MAIN EXPENDITURE GROUP (MEG)			
RESOURCE BUDGET			
BEL	**2020-21 Final Budget £000s**	**Changes £000s**	**New Plans Draft Budget 2021-22 £000s**
Violence against Women, Domestic Abuse and Sexual Violence	5,250	1,575	6,825
Total: Violence against Women, Domestic Abuse and Sexual Violence Action	**5,250**	**1,575**	**6,825**
Community Cohesion	1,600	-1,600	0
Equality and Community Cohesion*	5,766	840	6,606
Total: Equality and Inclusion Action	**7,366**	**-760**	**6,606**
Advice Services**	8,901	1,100	10,001
Total: Advocacy Services	**8,901**	**1,100**	**10,001**
Support for the Voluntary Sector and Volunteering	6,625	3,669	10,294
Total: Support for the Voluntary Sector	**6,625**	**3,669**	**10,294**
Community Support Officers	16,787	0	16,787
Total: Community Support Officers	**16,787**	**0**	**16,787**
Female Offending and Youth Justice Blueprints	575	500	1,075
Total: Female Offending and Youth Justice Blueprints	**575**	**500**	**1,075**
Chware Teg	360		360
Total: External Bodies Action	**360**	**0**	**360**
EXTRACT FROM CENTRAL SERVICES AND ADMINISTRATION MEG - TOTAL RESOURCE BUDGET	**45,864**	**6,084**	**51,948**
*Previously 'Equality and Prosperity'			
**Previously 'Advocacy Services'			

EXTRACT FROM CENTRAL SERVICES AND ADMINISTRATION MAIN EXPENDITURE GROUP (MEG)			
CAPITAL BUDGET			
BEL	**2020-21 Final Budget £000s**	**Changes £000s**	**New Plans Draft Budget 2021-22 £000s**
Violence against Women, Domestic Abuse and Sexual Violence	2,169	0	2,169
Total: Violence against Women, Domestic Abuse and Sexual Violence Action	**2,169**	**0**	**2,169**
Gypsy Traveller Sites	5,000	-1,500	3,500
Total: Gypsy Traveller Sites Action	**5,000**	**-1,500**	**3,500**
Community Facilities Programme	4,838		4,838
Total: Community Facilities Programme Action	**4,838**	**0**	**4,838**
EXTRACT FROM CENTRAL SERVICES AND ADMINISTRATION MEG - TOTAL CAPITAL BUDGET	**12,007**	**-1,500**	**10,507**

EXTRACT FROM HOUSING AND CENTRAL SERVICES AND ADMINISTRATION MAIN EXPENDITURE GROUP (MEG)				
FINANCIAL TRANSACTIONS				
BEL	**Financail Transactions**	**2020-21 Final Budget £000s**	**Changes £000s**	**New Plans Draft Budget 2021-22 £000s**
Community Facilities Programme	Community Asset Loan Fund	1,000	-20	980
Total: Community Facilities Programme Action		**1,000**	**-20**	**980**
EXTRACT FROM CENTRAL SERVICES AND ADMINISTRATION MEG - TOTAL FINANCIAL TRANSACTIONS		**1,000**	**-20**	**980**

Julie James AS/MS
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6 January 2021

Dear Lynne,

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

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

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

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

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

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

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

- £13.148m = the 5 months of the 2.6% element[1] of the 2020/21 pay deal that was not already in the 2020-21 settlement baseline (7 months, covering September 2020 to March 2021, was already in the baseline, at a value of £18.4m in the 2020-21 settlement).

  plus

- £6.825m = a full 12 months of the 0.5% element[2] of the 2020/21 pay deal, none of which was in the 2020-21 settlement baseline (7 months of which is being paid as a specific grant, covering September 2020 to March 2021, at a cost of £3.981m)

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

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

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

Yours sincerely

Julie James

Kirsty Williams

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

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Y Gweinidog Addysg
Minister for Education

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

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

Eluned Morgan AS/MS
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Minister for Mental Health, Wellbeing and Welsh Language

Llywodraeth Cymru
Welsh Government

Lynne Neagle MS
Children, Young People and Education Committee
Senedd Cymru
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8 January 2021

Dear Lynne,

I write in response to your letter of 20 November on behalf of the Children, Young People and Education Committee. Your letter relates to the Welsh Government Draft Budget for 2021-22.

I received a similar letter from Helen Mary Jones on behalf of the Culture, Welsh Language and Communications Committee (CWLC) on 19 November and I have drafted an evidence paper to be discussed with the committee on 14 January 2021 (attached in Annex A). The paper provides information in relation to the Welsh language budget proposals as outlined in the Draft Budget 2021-22 published on 21 December 2020. It provides details of proposed Welsh language expenditure within two MEGs for 2021-22 in order to deliver *Cymraeg 2050: A million Welsh speakers* as follows:

- The Mental Health, Wellbeing and the Welsh Language MEG within my portfolio:
  - The Welsh Language BEL
  - The Welsh Language Commissioner BEL.
- The Education MEG within the Minister for Education's portfolio:
  - The Welsh in Education BEL.

As detailed in my paper to the CWLC Committee, my budget complements that of the Minister for Education in terms of support for educational activities. *Cymraeg 2050* 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.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

All of the interventions in my portfolio under the Welsh Language and Welsh Language Commissioner BELs ultimately have the aim of increasing the use of the language (Theme 2 and 3). The budget allocated to the Welsh language under the Welsh in Education BEL within the Minister for Education's portfolio tends to concentrate on Theme 1: the acquisition of language within pre-school, school and post-16 settings.

There are however clear links between expenditure between all three BELs (for example the Siarter Iaith / the Welsh Language Charter and the National Centre for Learning Welsh) as language acquisition cannot happen in isolation without the support of other factors. Both budgets work together and I regularly discuss progress against *Cymraeg 2050* targets with the Minister for Education, as with many other ministers across Welsh Government, to ensure that policy aims are aligned.

I would therefore like to thank the committee for its work in scrutinising expenditure on the Welsh language, and wish to draw its attention to the evidence that I have prepared for the CWLC Committee, attached at Annex A. In the paper, for ease of reference, you will find that evidence has been provided under each of the *Cymraeg 2050* milestones.

Yours sincerely,

Eluned Morgan AS/MS
Y Gweinidog Iechyd Meddwl, Llesiant a'r Gymraeg
Minister for Mental Health, Wellbeing and Welsh Language

Copied to: Minister for Education