

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee room 4 Ty Hywel and video conference via Zoom	For further information contact: Owain Roberts Committee Clerk 0300 200 6388 SeneddFinance@senedd.wales
Meeting date: 26 April 2023	
Meeting time: 09.30	

Registration (09.00–09.15)

Private pre-meeting – Informal (09.15–09.30)

- 1 **Introductions, apologies, substitutions and declarations of interest**
(09.30)
- 2 **Paper(s) to note**
(09.30) (Pages 1 – 2)
Minutes of the meeting held on 23 March 2023
 - 2.1 **PTN 1 – Scrutiny of the Welsh Government Draft Budget 2023–24: Welsh Government response – 6 March 2023**
(Pages 3 – 21)
 - 2.2 **PTN 2 – Letter from the Minister for Finance and Local Government: Payment from the UK Contingencies Fund – 9 March 2023**
(Page 22)
 - 2.3 **PTN 3– Letter from the Minister for Social Justice: Update on the humanitarian support for Ukraine – 16 March 2023**
(Pages 23 – 24)
 - 2.4 **PTN 4 – Letter from the Minister for Education and the Welsh Language: Impact of inflation on the schools and education programme – 20 March 2023**
(Pages 25 – 26)



- 2.5 PTN 5 – Letter from the Minister for Health and Social Services: Additional Funding for the NHS – 24 March 2023**
(Pages 27 – 30)
- 2.6 PTN 6 – Letter from the First Minister: Royal Assent of the Environmental Protection (Single-use Plastic Products) (Wales) Bill – 22 March 2023**
(Pages 31 – 32)
- 2.7 PTN 7 – Letter from the Chair of the Health and Social Care Committee: Health Service Procurement (Wales) Bill – 9 March 2023**
(Pages 33 – 34)
- 2.8 PTN 8 – Letter from the Minister of Health and Social Services to the Chair of the Legislation, Justice and Constitution Committee: Health Service Procurement (Wales) Bill – 24 March 2023**
(Pages 35 – 40)
- 2.9 PTN 9 – Letter from the UK Government Parliamentary Under-Secretary of State to the Chair of the Health and Social Care Committee: Health Service Procurement (Wales) Bill – 22 March 2023**
(Page 41)
- 2.10 PTN 10 – Scrutiny of the Senedd Commission Draft Budget 2023–2024 – Updated Senedd Commission response – 30 March 2023**
(Pages 42 – 44)
- 2.11 PTN 11 – Letter from the Minister for Finance and Local Government: Local Government Settlement – 3 April 2023**
(Pages 45 – 46)
- 2.12 PTN 12 – Letter from the Deputy Minister for Social Partnership: Social Partnership and Public Procurement (Wales) Bill – Updated Explanatory Memorandum – 28 February 2023**
(Pages 47 – 49)
- 2.13 PTN 13 – Letter from the Minister for Rural Affairs and North Wales, and Trefnydd: Food (Wales) Bill**
(Pages 50 – 51)

3 Environment (Air Quality and Soundscapes) (Wales) Bill

(09.30–10.30)

(Pages 52 – 78)

Julie James MS, Minister for Climate Change

Olwen Spiller, Deputy Head of Environmental Protection

Roger Herbert, Head of Air Quality Monitoring, Evidence and Assessment

Supporting documents:

[Environment \(Air Quality and Soundscapes\) \(Wales\) Bill](#) (PDF, 218KB)

[Explanatory Memorandum](#) (PDF, 2MB)

Research Service Brief

4 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting and the meeting on 24 May

(10.30)

5 Environment (Air Quality and Soundscapes) (Wales) Bill: Consideration of evidence

(10.30–10.45)

6 Review of Statement of Principles

(10.45–11.15)

(Pages 79 – 81)

Supporting documents:

FIN(6)–08–23 P1 – Statement of Principles

Concise Minutes – Finance Committee

Meeting Venue:

Video Conference via Zoom

Meeting date: Thursday, 23 March 2023

Meeting time: 09.30 – 10.32

Remote, private

Attendance

Category	Names
Members of the Senedd:	Peredur Owen Griffiths MS (Chair) Peter Fox MS Mike Hedges MS Rhianon Passmore MS
Committee Staff:	Owain Roberts (Clerk) Leanne Hatcher (Second Clerk) Georgina Owen (Second Clerk) Mike Lewis (Deputy Clerk) Owen Holzinger (Researcher) Christian Tipples (Researcher) Catherine McKeag (Citizen Engagement)



At its meeting on 8 March 2023, the Committee agreed a motion under Standing Order 17.42(ix) to exclude the public from today's meeting.

Registration (09.15–09.30)

1 Introductions, apologies, substitutions and declarations of interest

1.1 The Chair welcomed Members to the meeting of the Finance Committee.

2 Financial implications of the Health Service Procurement (Wales) Bill: Consideration of draft report

2.1 The Committee considered and agreed the draft report.

3 Consideration of the Forward Work Programme

3.1 The Committee considered the Forward Work Programme.

4 Scrutiny of the Welsh Government Draft Budget 2024–25: Approach to engagement

4.1 The Committee considered the paper on the approach to engagement in relation to the Welsh Government Draft Budget 2024–25.

5 Financial implications of the Food (Wales) Bill: Consideration of draft report

5.1 The Committee considered and agreed the draft report.

Finance Committee's recommendations on the Draft Budget

Recommendation 1. The Committee recommends that, when the Welsh Government is requesting a delay to the publication of the Welsh Government budget and proposing a condensed period of scrutiny, the Minister should attend the Finance Committee to discuss budget priorities and the economic context in which the budget is formulated.

Accept

The Minister for Finance and Local Government would be pleased to continue the practice of meeting the Finance Committee prior to the publication of future Draft Budgets to discuss budget priorities and the economic context. Additionally, the Minister would be willing for her officials, including the Chief Economist, to provide technical briefing sessions for the Committee, as has been recent practice, on issues including the economic context, budget improvement, gender budgeting and green budgeting. Such arrangements could be considered as part of discussions regarding the proposed update to the Budget Business Protocol.

Recommendation 2. The Committee recommends that the Welsh Government provides a full assessment of the impact that inflation will have on its funding position for 2023-24 and the changes to outcomes expected to be delivered within that time period.

Accept

The latest inflation forecasts show that the Bank of England expects inflation to fall over the remainder of the year. On its central forecast, CPI inflation is projected to fall to just under four per cent by the end of 2023, reflecting the rapid decline in global price pressures and the fall in the contribution of energy prices to inflation. However, there is a wide range of uncertainty associated with the Bank of England's forecasts, and, according to the Bank, the rate of inflation at the year-end could lie anywhere in a range from close to zero to over six per cent. The impact of inflation on the Welsh Government's funding position depends not just on the level of inflation but also on its composition, with wage costs and the costs of various inputs rising at rates that often differ from the headline CPI. For example, over the last few years, construction price inflation has been higher than CPI inflation. There are no timely official forecasts of how inflation will affect the costs faced by the Welsh Government, but there is no reason to think the level of uncertainty will be lower than that applying to CPI inflation. For these reasons, while the Welsh Government will use its best endeavours to assess the impact of inflation on its funding position and expected outputs over 2023-24, such an assessment will be inevitably imprecise and subject to revision as the year progresses.

Annex A of the Final Budget Explanatory Note published on 28 February sets out an update on inflation and the economic position.

Recommendation 3. The Committee recommends that the Minister continues to press the UK Government, through the Finance Inter-ministerial Standing Committee and other channels, to establish robust intergovernmental mechanisms relating to fiscal matters to ensure it can effectively escalate disagreements and resolve funding disputes.

Accept

As part of the joint review of Intergovernmental Relations, the Welsh Government agreed to use the agreed package of reforms as the basis for the conduct of intergovernmental relations.

The IGR review offers structures and processes to enable meaningful engagement, and a mechanism that affirms each Government's right to refer and escalate a dispute. Under the arrangements for dispute resolution there will be an independent secretariat and meetings will be chaired independently. There is also a presumption of independent input, through either advice or mediation and increased transparency to aid legislatures' scrutiny and stakeholder engagement.

It is our hope that we can work with the UK Government pragmatically through the new inter-governmental relations review arrangements before needing to invoke the formal dispute resolution process.

Recommendation 4. The Committee recommends that the Welsh Government provides further information on independent mechanisms to resolve funding disputes between the UK and Welsh governments and an update on their use.

Accept

[See also the response to Recommendation 3]

Annex C (Terms of Reference) for the Finance Inter-ministerial Standing Committee (F:ISC) sets out the process for raising financial disputes at paragraphs 12 to 26. These paragraphs outline that no member of the F:ISC can reject the decision of another to raise a dispute; as well as establishing that a F:ISC in dispute setting will be chaired by an independent chairperson, which all parties to the dispute must agree.

The inclusion of independence into the dispute process is an area for which devolved Governments successfully negotiated, alongside placing a timeframe around managing disputes to ensure their timely resolution. However, raising a dispute is a last resort, and the Terms of Reference sets out that we should seek to maintain positive and constructive relations, based on mutual respect.

The [Intergovernmental Relations Review](#) (English version only) dispute arrangement have not yet been tested by the Welsh Government.

Recommendation 5. The Committee recommends that the Welsh Government carries out detailed work to model the behavioural impact of varying Welsh rates of income tax across all bands to ensure the decision-making process around setting tax rates is supported by robust evidence.

Accept

The income tax ready reckoner published alongside the Draft Budget takes account of the behavioural impact of tax changes. It uses established HMRC estimates for certain elements but also includes additional estimates for the potential migration effect of varying income tax rates within the UK. Those estimates are based on a Swiss academic study, deemed to be the most appropriate available proxy for the situation in Wales.

The recent changes to income tax rates and thresholds in Scotland provide the first example of income tax policy variation within the UK. HMRC has used those changes to produce estimates of behavioural impacts which have been published and were presented at the Welsh Government's Tax Conference last year. Those estimates did not cover migration responses to tax changes which would clearly be of interest here in Wales.

HMRC is progressing work on a longitudinal dataset which will hopefully allow additional analysis of potential behavioural impacts of changes to the three tax bands for Welsh Rates of Income Tax including migration responses.

Recommendation 6. The Committee recommends that the Welsh Government undertakes foundational work into the benefits and risks associated with devolving powers to modify Welsh rates of income tax bands and thresholds and provides the Committee with an update on progress before the Committee's annual budget priorities Plenary debate in July.

Accept in Principle

The devolution of powers to vary income tax thresholds would provide useful additional policy tools but would be difficult to do without the full devolution of all income tax on NSND income. This would be a step change in the Welsh Government's devolved tax responsibilities and would mean much greater exposure to relative tax base growth risk between Wales and elsewhere in the UK. This would be a particular concern in relation to higher and additional rates where the Welsh Government is currently only exposed to 10p in each band. Growth in revenues from these two bands tends to be more volatile from year to year than basic rate revenues, and to vary more between different parts of the UK. This will affect the year-to-year net budgetary impact of income tax devolution via the block grant adjustment mechanism. The Scottish Government has full devolution of NSND income tax. The Scottish Fiscal Commission is expecting a net impact of around -£100m on the Scottish Government budget this year, despite additional tax effort by Scottish taxpayers of around £850m from rate and threshold changes.

While we continue to look to better understand the benefits and risks associated with devolving powers to modify Welsh rates of income tax bands and thresholds,

these considerations need to be seen in the context of the wider fiscal considerations and our broader tax policy priorities.

Recommendation 7. The Committee recommends that the Welsh Government conducts an assessment of the benefits and risks involved with devolving powers to administer benefits in Wales and provides the Committee with periodical updates on progress.

Accept

Powers to administer welfare has the potential to offer more levers to tackle poverty in Wales. As part of the Co-operation Agreement, Welsh Government are working with Plaid Cymru to support the devolution of the administration of welfare and explore the necessary infrastructure required to prepare for this administration. We agree that such a transfer of power would need to be accompanied by the transfer of appropriate financial support.

We know that there are difficulties in defining how the core principles for the administration of a social security benefit are distinct from core principles for the policy of a benefit. Careful consideration is also needed regarding the financial settlement that would accompany any devolution of welfare administration powers. Both of these issues will require complex negotiations with UK Government to disentangle. The Minister for Social Justice will offer periodical updates on progress.

Recommendation 8. The Committee recommends that the Welsh Government publishes detailed calculations relating to the block grant adjustment alongside the Draft Budget, either as part of the budget narrative or by inclusion in the Office for Budget Responsibility's Welsh Taxes Outlook, to show how each devolved tax affects the block grant and the Welsh Government's overall funding position.

Accept

The Draft Budget narrative contains substantial detail on the block grant adjustments for the three devolved taxes. However, the inclusion in the budgetary arithmetic of outturn and forecast reconciliation amounts for the Welsh rates of income tax and the associated block grant adjustment has made the picture more complicated than it was previously. Given these developments, it is agreed that a more detailed presentation of the various elements would be beneficial.

The operation of the block grant adjustment mechanisms is a matter between the Welsh and UK Governments. It is therefore likely that the more detailed presentation will form part of Welsh Government's documentation supporting the Draft Budget, rather than part of the OBR's Welsh Taxes Outlook. A new presentation will be introduced with the Draft Budget for 2024-25.

Recommendation 9. The Committee recommends that the Minister provides more detail, both in response to this report and alongside supplementary budgets, on how its capital programme will be affected by constrained budgets and inflationary pressures, including:

- which projects will be prioritised over the coming financial year and which ones will lose out; and
- what impact such pressures will have on delivering the Welsh Government's Programme for Government priorities.

Accept in Principle

We carried out substantive work during the 2021 Spending Review in undertaking a zero-based review of the capital budgets across Welsh Government portfolios, to align our priorities to our 10-year Wales Infrastructure Investment Strategy (WIIS) and Programme for Government (PfG) commitments. As a result, we published our first Infrastructure Finance Plan (IFP) alongside the 2022-23 Draft Budget. The IFP is a 3-year action plan, setting out over £8bn of capital funding over the financial years 2022-23 to 2024-25 for infrastructure investments which demonstrated they would most effectively deliver the outcomes outlined in the WIIS and PfG.

The WIIS and IFP are longer term documents than the Budget period, with both reflecting the longer-term planning and delivery of infrastructure investments. The mechanism of 3-year IFPs was developed to be agile and adapt to the circumstances we face. Inflation levels will inevitably mean portfolio Ministers will need to manage their budget allocations by responding to pressures through the acceleration and deceleration of projects and programmes according to budget availability; and an assessment of what is deliverable within their allocations must also take place.

Recommendation 10. The Committee recommends that the Welsh Government: provides an update on Financial Transactions Capital allocations before the Final Budget is laid and explains why such allocations could not be included at the Draft Budget stage for the second year running.

Accept

The Final Budget documentation published on 28th February 2023 provided details of Financial Transactions Capital (FT) allocations made as part of the 2023-24 Annual Budget. This included additional allocations made as part of the Final Budget, which built on more than £1.8bn of financial transactions capital allocations announced in the multi-year settlement published in December 2021.

We provided details of these new allocations to the Finance Committee via correspondence on 27th of February, prior to publication of the Final Budget.

Recommendation 11. The Committee recommends that the Welsh Government calls on the UK Government to increase overall and annual limits for borrowing and reserves, at least in line with inflation, and that these limits should be reviewed regularly so as not to reduce its value in real terms over time.

Accept

The fiscal levers currently available to the Welsh Government limit our ability to respond quickly to emerging needs, leaving us dependent on decisions made by the UK Government and exposed to the impact of the timing of those decisions. The Institute for Fiscal Studies (IFS) has previously highlighted the case for enhanced reserve powers in Wales and for drawdown limits to be increased, if not abolished. It is the view of the IFS that the existing limits on the total amount that can be held in reserves should, at the very least, be indexed in some way to account for growth in devolved spending and tax revenues.

In its Interim Report, the Independent Commission on the Constitutional Future of Wales noted that the most immediate practical financial issue arises from the restrictions applied by HM Treasury to the Welsh Government's management of its budget. It noted that the Welsh Government's ability to borrow for capital investment and to carry over capital spending between financial years, is constrained by limits set in 2016-17; any requests for flexibility are required to be put to HM Treasury on a case-by-case basis, which is time-consuming and resource intensive. It also stated that it is hard to see why these constraints are needed, given that the Welsh Government is accountable to the Public Accounts Committee of the Senedd for its stewardship of public expenditure.

Welsh Government Ministers have long made representations to the UK Government for additional fiscal flexibilities here in Wales and the First Minister raised the specific issue of uprating the limits in the fiscal framework at last autumn's Prime Minister and Heads of Devolved Governments Council meeting. We continue to press the UK Government for additional fiscal flexibilities, through the appropriate channels, including the Finance: Inter-ministerial Standing Committee (F:ISC) and through bilateral meetings with the Chief Secretary to the Treasury.

Recommendation 12. The Committee recommends that the Welsh Government monitors the levels of reserves in local authorities to ensure that they are equitable, used appropriately and at sufficient levels to deal with the pressures being faced.

Accept in Principle

While decisions on setting levels of and the use of reserves are for local authority elected members, the Welsh Government collects and publishes data on local authority reserves annually. The levels of reserves in an authority will reflect longer term plans as well as managing shorter term pressures. The Welsh Government also sets the statutory framework for local government accounting which includes the treatment of reserves. The overall financial position of local government is considered as part of the annual Welsh budget. Our standing Finance Sub-group

with local government provides an ongoing forum for discussions on local authority finance including reserves.

Recommendation 13. The Committee recommends that the Welsh Government makes changes to the way it presents information in documentation published alongside the Draft Budget so that it provides:

- **an assessment of the impact of spending decisions across portfolios, including the impact of reprioritisation exercises and clarity on the real terms effect of decisions within portfolios;**
- **an assessment of how the Welsh Government's spending decisions are (or are not) supporting preventative measures.**

Accept in Principle

While we are committed to improving how we undertake and outline the impacts of our spending decisions, such an approach must be proportionate.

We already publish a suite of documents as part of the Draft Budget, which includes individual Ministers' responses to their respective Senedd scrutiny committees, and which provides a more detailed account as to how Draft Budget decisions have impacted on different groups or considered issues such as prevention. The Strategic Integrated Impact Assessment (SIIA) continues to outline the contextual evidence that has supported our spending decisions.

We are open to exploring further changes that could be made as part of the work of the Budget Improvement Plan.

Recommendation 14. The Committee recommends that the level of information provided at the 2024-25 Draft Budget is equivalent to the information provided at the 2022-23 Draft Budget.

Reject

While we remain committed to improving the presentation of information contained within budget documentation, as explained during the debate on the Draft Budget in Plenary on 7th February, there is a distinction between a Spending Review and an annual budget. The Draft Budget 2022-23 set out a multi-year Budget up to 2025, alongside a zero- based review of capital allocations.

The Draft Budget 2023-24 was a single-year budget, which built on the announcements made as part of the multi-year budget published in December 2021. Our aim was to publish a level of information proportionate to the annual budget that was undertaken. Given this, the 2023-24 budget documentation did not re-state all of the information that had already been published, scrutinised and debated by the Senedd. The budget documentation for the single year 2023-24 focused on the important changes implemented for this budget round and confirmed changes to the Budget settlement made as part of the UK Government's Autumn Statement. This still resulted in the publication of an extensive suite of documents, building on those produced for the 2022 multi-year Spending Review.

We continue to reform this approach and have recently produced a Children's Budget leaflet and animation setting out where our money comes from and what most of it is spent on. Some of these products have been developed in collaboration with our partners and stakeholders, including children; and they have also sought to take on board feedback from colleagues within the Senedd over the years, including the Finance Committee.

These two budget packages – the multi-year and the single year – should therefore be considered together. While we do not propose that the 2024-25 Draft Budget should contain an equivalent level of information as the 2022-23 Budget, we are content to explore what further improvements could be made to the presentation of information within this context.

Recommendation 15. The Committee recommends that the Welsh Government uses its gender budget pilots to inform and develop a wholesale gender policy appraisal of all Welsh Government budgetary decisions.

Accept in Principle

Our work on gender budgeting, including the pilots, is representative of systemic and cultural change. We are learning from world leaders, such as the Icelandic Government, who told us it took at least 7 years to embed the changes from pilots to implementation. Engaging with other world leaders like Canada has also shown that any approach needs to be proportionate and relevant to the impact it is seeking to achieve.

We continue to learn from our three existing gender budgeting pilots, working collaboratively across the areas to share the ongoing learning and inform how this work can be further embedded and expanded. As part of their 2023 workplan our Budget Improvement Impact and Advisory Group (BIIAG) will be exploring how a tool such as gender budgeting can assist us in strengthening our budget and tax processes. We will provide an update on this work in the Budget Improvement Plan published alongside the 2024-25 Draft Budget.

Recommendation 16. The Committee recommends that the Welsh Government provides details of the Budget Impact and Improvement Advisory Group's forward work programme, including the tangible outputs its work will deliver for the 2024-25 budget.

Accept

We are continuing to work collaboratively with the Budget Improvement Impact Advisory Group (BIIAG) to explore how the Group can engage and influence improvements to our budget and tax processes, in turn supporting the delivery of the Budget Improvement Plan. The Group's progress and influence are set out within the Budget Improvement Plan. Details of the 2023 workplan will be published on the BIIAG webpage soon.

Recommendation 17. The Committee recommends that the Welsh Government prioritises the streamlining of financial assistance schemes, under a proposed Welsh Benefits Charter, and fast tracks the development of a unified application process for devolved grants and financial aid schemes.

Accept

A central element of our work to streamline the Welsh benefit system is the development of Benefit Charter. We have produced a draft Charter which sets out our vision of a fair, equitable Welsh Benefit system based on rights and entitlements, and which has been co-produced with stakeholders from the Welsh Government's Income Maximisation Working Group. Work is continuing with local authorities on the implementation plans for the Charter which we are aiming to publish by the end of this calendar year.

Welsh Government and our partners are committed to working towards a Welsh benefit system that has a single point of contact where an individual only has to tell their story once. We will continue to work with local authorities to improve their processing systems, achieve greater consistency and explore the potential automatic passporting where possible.

Our work so far has uncovered a number of practical barriers, including data sharing and inconsistency in IT systems, which need to be resolved before we can deliver a unified application process for devolved grants and financial aid schemes. We are working with key stakeholders such as the Bevan Foundation and Policy in Practice to identify solutions.

Recommendation 18. In light of the rising cost of living, the Committee recommends that the Welsh Government undertakes a review of the current financial support schemes to ensure eligibility thresholds are suitable, fit for purpose and not excluding vulnerable people on the margins of support schemes.

Accept

The cost-of-living crisis has highlighted that there are many people with income above the threshold for claiming a means-tested benefit who are struggling to afford basic living costs. Within the work to streamline the Welsh benefit system we are looking at individual schemes to ensure that eligibility criteria are simple, well defined and the need for discretionary decision making is removed.

A working group has been established to undertake a review of the eligibility criteria for Free School Meals in secondary schools. Within our programme of work for 'A Fairer Council Tax' we are exploring how to improve the Council Tax Reduction Scheme which provides support to low-income households. We will also explore the feasibility of extending the eligibility criteria of all the Welsh Government schemes that are ring-fenced to people in receipt of a means-tested benefit.

The First Minister has established a Cost-of-Living Expert Group, which includes a range of organisations working directly with people struggling with the cost of living.

The Group will be making recommendations to the Welsh Government and others on how they believe we should continue to mitigate and address the impacts of the cost-of-living crisis. The Group is independent, so all recommendations will be their own, but they could make suggestions relating to financial support.

Recommendation 19. The Committee recommends that the Welsh Government takes urgent steps to address the unequal gender impact of rising living costs and in particular conducts a review of the current free childcare model to assess its effectiveness and encourages its further expansion.

Accept in Principle

We are acutely aware of the impacts of the cost-of-living crisis on families across Wales and in particular the impact on women, who often take on wider caring and other responsibilities within the family and home. We have actively sought to temper the impacts on those most in need within the constraints of the current financial settlement and will continue to forcefully urge the UK Government to do more through their budget statements and funding allocations. We have expanded our Childcare Offer for 3–4-year-olds to support families where parents are in education and training, and we have committed to expand early years provision to all two-year olds by increasing the number of children benefiting from our Flying Start programme and the high-quality childcare it delivers. While we monitor the effectiveness of both programmes, a wider review of our support for funded childcare is not planned at this time, and our focus remains on expanding existing provision. Statistics on progress in relation to Flying Start are available annually, and annual evaluation reports for the Childcare Offer have been published since 2018. We will continue to support children and families, especially those in need, and will seek opportunities to go further with these commitments as and when resources enable us to do so.

Recommendation 20. The Committee recommends that the Welsh Government:

- **reviews the eligibility threshold of Education Maintenance Allowance; and**
- **considers increasing the value of Education Maintenance Allowance.**

Accept

In line with recommendations contained within the Children and Young People Committee's report on the Draft Budget, the Welsh Government has accepted a recommendation to commission an independent review of Education Maintenance Allowance (EMA). The findings of the review will inform any changes to the EMA Scheme.

Recommendation 21. The Committee recommends that the Welsh Government prioritises the development of a replacement Warm Homes

programme to improve the energy efficiency of homes and to prevent vulnerable people from falling into fuel poverty.

Accept

We remain committed to the Warm Homes Programme. Capital funding for energy efficiency through the Warm Homes Programme has been increased by £3m, to £30m in 2022/2023 and is expected to increase to £35m for the next two financial years

Any future intervention to support those in fuel poverty must take further account of the need to tackle climate change by decarbonising the housing sector, and the Minister for Climate Change's Oral Statement of 8 November set out how we will approach the challenges and opportunities of responding to the climate emergency across all tenures.

In taking this work forward, we will continue to develop replacement schemes and employ an integrated approach, whilst also responding to the current cost of living crisis. Our intention remains to continue to take a fabric first, worst first and low carbon approach, delivering measures to improve the energy efficiency of the least thermally efficient low-income households in Wales. We will achieve this in two parts:

- Part 1 - By bringing forward the procurement of a replacement demand led service, we will ensure continuity to assist those least able to pay to respond to the cost of living crisis. This will also ensure a just and affordable transition to low carbon homes.
- Part 2- The development of a whole housing stock approach to decarbonisation to provide a long-term strategy for energy efficiency, fuel poverty and decarbonisation for the sector.

Recommendation 22. The Committee recommends that the Welsh Government explains how the funding allocated in the Draft Budget aligns with the six priorities for the NHS Wales identified by the Minister for Health and Social Services and which areas it will deprioritise as part of this process.

Accept in Principle

For the priority areas identified by the Minister we have given clear guidance of delivery expectations in the national NHS planning framework for 2023-24. Additional investment has been identified for the majority of the priority areas to support the challenges in the system:

- We have invested in urgent and emergency care services with £25m recurrent funding, through the Six Goals for Urgent and Emergency Care Programme. £20m of this has been allocated directly to health boards to deliver their local six goals programme plans.
- For Planned care recovery including diagnostics and cancer pathways an annual recurrent investment of £170m with an additional £15m for transformation has been identified. £120m has been given to health boards

to deliver against their local plans, the remaining £65m will be issued to support diagnostics, transformation and regional working.

- Primary care access continues to be progressed through the strategic programme for primary care. Furthermore, an additional £5m has been provided to increase the number of allied health professionals (AHPs) and increase access to community-based care to help people remain active and independent.
- Mental health services have targeted funds to support access and service redesign across adult and children's services as a priority area for delivery, demand has significantly increase during and after Covid
- The remaining priority area is to improve the flow between health and social care pathways aiding timely discharge. This will be supported through joint investment through the Regional Integrated Fund through the regional partnership boards.

The additional investment has been prioritised against these areas due to the assessed risk of their impact on patient care following the lasting impact of the pandemic. The investment is targeted for both current issues e.g. removal of backlog for planned care but also transformation, working differently, increasing access and working across the whole system. Each of the major priorities have national plans which clearly indicate what is expected.

Recommendation 23. The Committee recommends that the Welsh Government provides information on the outcomes it expects to be delivered by NHS organisations and social care providers with the additional funding it has allocated for 2023-24.

Accept in Principle

Given the complex planning environment our NHS services are facing at the present time, in both the short and medium term, and in recognising the financial and system pressures, the NHS planning framework sets out a smaller number of priorities with the need for delivery in the next financial year. These being:

- Developing a closer relationship with Local Government to tackle the issue of delayed transfers of care, and an effort to move further and faster to deliver an integrated community care service for Wales.
- Improving access to general practice, dentistry, optometry, and pharmacy
- Urgent and Emergency care
- Planned care and recovery, including the numbers waiting for diagnostic tests
- Reducing the backlog of patients waiting on their cancer pathway
- Improved access to/and boosting prevention for all levels of mental health and wellbeing services, including CAMHS

The framework includes the need to implement a series of Quality Statements setting out what good clinical services look like as part of the National Clinical Framework and to support the introduction of the Duty of Quality. In addition, digital, innovation, technology and transformation must underpin the delivery of optimum

care and services for patients, alongside workforce, wellbeing and robust financial management.

We have invested in urgent and emergency care services with £25m recurrent funding, through the Six Goals for Urgent and Emergency Care Programme.

Outcomes will include:

- More out of hours primary care calls resulting in self-care or face to face response without necessity for attendance at the Emergency Department.
- Increase attendances at urgent primary care centres every month, helping reduce pressure on Emergency Departments.
- More 999 patients safely managed over the telephone without needing hospital care.
- Fewer ambulance journeys to hospital when compared to pre-pandemic.
- Fewer emergency admissions to hospital when compared with the pre-pandemic period.

Significant funds have also been provided through Regional Partnership Boards to support Health and Social Care partners to work closer together and develop six national models of integrated care that will offer preventative, seamless services for people in the community.

These resources include the five-year Regional Integration Fund (RIF) launched in 2022-23, providing £144.7m a year of revenue funds to support transformation and the newly established £50m Integration and Rebalancing Capital Fund. The six national models of integrated care are:

- **Preventative community co-ordination** (supporting people in their own community through integrated services based within a hub models with activities like social prescribing helping people connect with care and support service that are local to them).
- **Complex care closer to home** (helping people to stay well at home and prevent the need for hospital admission, through place-based care for those with complex needs).
- **Promoting good emotional health and wellbeing** (supporting people to connect with services and opportunities locally through a single/seamless point of access to prevent the escalation of poor emotional health into more serious mental health and/or physical health conditions).
- **Therapeutic support for looked after children and helping families to stay together** (working with children, young people and families known to social care to try and prevent family breakdown and improve longer term emotional and behavioural wellbeing for children looked after).
- **Home from hospital** (helping people to move from hospital back closer to home, into their community safely and swiftly with the aim of preventing the detrimental deconditioning that occurs with unnecessary extended stays in hospital. A key and central component is the role of the Trusted Assessor).
- **Accommodation based solutions** (supporting the development of housing and residential facilities that help people stay well and live independently longer).

A comprehensive Outcomes Framework for the RIF has been developed which sets out the high-level person/priority population groups outcomes for each of the models of integrated care. A set of high-level indicators and performance measures, which take into account the frameworks and measures that RPBs and partners are already routinely collecting, or utilising are set out in the Outcomes Framework. A robust outcome-focused monitoring and reporting process is in place. RPBs are expected to provide six monthly reports on the progress of activities funded through the RIF.

We will also continue to invest in a value-based approach to recovery over the medium term, with a focus on improving outcomes that matter to patients; £19million is allocated in 2023-24 for this. This allocation will also support NHS recovery, with a focus on delivery of high value interventions that ensure improved outcomes for patients and support service sustainability and reducing waits for treatment over the medium term. This investment will give greater focus on delivery of outcomes that matter for patients and will complement the implementation of plans currently being developed to tackle the immediate backlog of patients waiting for treatment.

Introducing the Real Living Wage for social care workers is a key commitment in our Programme for Government with £70m of funding being made available to local authorities and health boards for 2023-24, to continue to deliver our commitment.

Funding will be available to commissioners from 1 April, and we would hope to see all workers in scope receiving the RLW uplift as soon as possible but before the end of June 2023.

The significant increase in the local government settlement reflects our commitment to meeting the pressures we are seeing in social care. It provides for our current estimates of the cost of the RLW uplift in 2023-2024.

The Social Services Workforce Grant was introduced in 2018-19 and has been provided as an annual hypothecated grant to local authorities. In 2023-24, it is £45m. The grant is used to support a range of workforce related interventions in local authorities such as children services, staffing challenges, services for older people and dementia care.

In July 2022, the Women and Girls Health Quality Statement was published. This was the first step in transforming the care received by women in Wales. The quality statement sets out what the NHS is expected to deliver to ensure good quality health services to support women and girls through the course of their lives.

In December 2022, the NHS published the discovery phase of the NHS Women's Health Plan which has been developed with significant input from women in Wales. The discovery phase report presents the state of the nation for women's health in Wales, combining an evidence review of women's health with the voices of women and girls in Wales. Following the consultation of over 3,800 women, this report seeks to build the foundations for the development of a Women's Health Plan for Wales.

The publication of the first phase of the Women's Health Plan represents the start of a conversation and covenant with women. A Women's health network is planned within the NHS Executive which will be responsible for developing the Women's health plan for delivery over the next 10 years. This plan will take the 'A Healthier Wales approach of coproduction and demonstrate a clear commitment for the Women's Health Plan to be driven by the voices of Welsh women and girls. As part of the Quality Statement for Women and Girls' Health, the financial commitments required to develop and maintain current services are:

- To continue funding of endometriosis nurses and pelvic health coordinators in every health board (£1m);
- Agreed transformation funding to continue to support the Bloody Brilliant campaign for 2023/2024 (£194,000);
- Commitment to support qualitative and mixed methods research on key topics that support the needs of women and girls (£1m);
- Development of a Women's Health Transition Board to enable the creation of a Women's Health Network and the development and delivery of NHS Wales 10-Year Women's Health Plan (£150,000).

Recommendation 24. The Committee recommends that the Welsh Government conducts an assessment of funding it has allocated to improve efficiencies in the NHS with a view to reducing pressures in the long-term.

Accept in Principle

Funding allocations to address efficiencies are provided to support areas of initiative that will aim to address and pilot new ways of working whilst emphasising the value added as a key driver for the HSC outcome.

Specifically, on top of the recurrent revenue funding of £170million for NHS recovery there is a recurrent transformation fund of £15m to support local and national transformation projects. It aims to test and deliver services differently for a more sustainable future model. Guidance is given that the additional money is only provided up to three years (reviewed every year as a minimum) with expectation that the health board will take over the funding from the savings made from the project (proof of concept).

NHS organisations are expected to deliver a minimum of 2% efficiency next year and this is expected to be reflected in their plans which are due to be submitted in March.

Recommendation 25. The Committee recommends that the Welsh Government provides information to demonstrate how the allocations for 2023-24:

- **alleviates immediate staffing pressures across the health, social care and local government sectors; and**
- **delivers improvements to the recruitment and retention issues faced within those areas.**

Accept

Welsh local authorities and health boards will be provided with the estimated £70 million to implement the Real Living Wage uplift to £10.90 an hour with workers feeling the benefit by June 2023. The significant increase in the local government settlement reflects our commitment to meeting the pressures we are seeing in social care. The Real Living Wage will deliver a significant increase in pay for many workers and increase the attractiveness of social care work. This further uplift should also help to support recruitment and retention for the social care sector. We are also in the process of commissioning an independent evaluation to examine the impacts and success of implementation. This research will help us to learn and make improvements to the ways in which the rollout has been applied and work in partnership to develop and enhance processes.

We know that the difference the Real Living Wage can make to low paid workers, but we do not expect the Real Living Wage to resolve all of the sector's workforce issues. However, we do believe it is a vital first step and provides an important starting point for improved working conditions for social care. We continue to work very closely with the Social Care Fair Work Forum to look at more ways in which we can further improve the terms and conditions of social care workers. This includes exploring opportunities to improve sick pay and the development of a Pay and Progression Framework.

The Minister for Health and Social Services has agreed record levels of investment in training and education for NHS Wales - £281m of funding in 2023-24. It will be the ninth consecutive year funding will increase, providing the highest ever number of training places in Wales and contributing to the future sustainability of healthcare.

We will continue to provide £7 million towards our commitment to establish a new medical school in north Wales. The new medical school will ensure that we distribute training opportunities and the provision of highly training healthcare professionals across Wales

The workforce strategy published by HEIW and Social Care Wales sets out our long term vision and actions for the health and social care workforce. We have also developed a shorter-term workforce plan to help with current pressures on our workforce. The National Workforce Implementation Plan was published on 31 January

Alongside additional investment to increase our homegrown supply of nurses and other healthcare professionals, we are also recruiting international nurses to close the vacancy gap in the short and medium term. Over 400 international nurses were recruited last year through the first phase of a national programme and plans are being developed for further international recruitment in the next phase.

The Social Services Workforce Grant was introduced in 2018-19 and has been provided as an annual hypothecated grant to local authorities. In 2023-24, it is £45m. The grant is used to support a range of workforce related interventions in local authorities such as children services, staffing challenges, services for older people and dementia care. The criteria for the 2023-24 Social Services Workforce Grant are yet to be set, but feedback on use of the 2022-23 grant shows how

funding has been used to improve social care workers pay and support recruitment and retention.

To support the development of a qualified workforce, we are providing over £1.4m in 2023-24 to improve the financial package of support for the Social Work degree and continuing the bursary uplift for new students starting in 2022 and uplift for existing students. We have funded an increase of 50% to the undergraduate bursary and 90% for the postgraduate bursary.

We provide £7.1m of funding for the sector through the Social Care Wales Workforce Development Program grant, administered by Social Care Wales through local authorities. The grant continues to help fund a range of work programmes, including learning, development and qualifications

The advertising campaign for Apprenticeship Week in February 2024 will aim to increase recruitment of social care apprenticeships. Welsh Government's well established Genius Decision campaign places a focus on social care apprenticeships and Social Care Wales runs a separate campaign alongside. This boosts awareness of the social care sector to job seekers.

Recommendation 26. The Committee recommends that the Welsh Government: provides:

- **an update on the use of agency and locum staff by the NHS, including information about the measures it will adopt to reduce reliance on them and the expected impact of the actions on expenditure; and**
- **provides details of the actions being taken to address issues relating to the pension tax annual allowance given its significant impact on the NHS workforce.**

Accept

The Agency spend has increased over recent years. This cost has accelerated during the pandemic and as we recover elective services.

Alongside work to optimise the deployment of our core NHS Workforce, work is underway to understand, mitigate and address the increased reliance on the agency and locum workforce. Whilst it is understood the pressures on the core NHS workforce and services in recent years has necessitated this flexible and additional resource, action will be taken this year, in line with a wider NHS workforce implementation plan, to focus on a more sustainable workforce in NHS in Wales. This work will be developed and delivered in partnership with Trades Unions and NHS Employers.

The increase in NHS expenditure on the agency workforce in recent years is not sustainable in the longer term. Instead, investment needs to be directed to increasing and effectively deploying a core workforce directly employed by the NHS in Wales. This will require a fine balance between ensuring sufficient capacity to deliver safe and effective services, whilst actions are underway which provide a sustainable workforce and value for money in the longer term.

Pension taxation is **not devolved** to Welsh Government and must be addressed by UK Government. Given the impact pension taxation is having on the NHS Workforce in Wales, the Minister for Health and Social Care along with the Finance and Local Government Minister have written to the UK Government on this matter a number of times urging them that a permanent solution must be found. In the meantime, NHS Wales employers have issued guidance to NHS organisations reminding them of the current NHS pension flexibilities.

Recommendation 27. The Committee recommends that the Minister provides an update to on the work being conducted by the Welsh Government on introducing a social care levy to fund the rising cost of social care provision and to alleviate workforce pressures.

Accept

Following the UK Government's decision to reverse the increase National Insurance contributions specifically targeted for health and social care, the Welsh Government is again considering how additional finance could be secured to support future social care costs in a sustainable way and will update the Committee at the appropriate time. The work will be informed by the recent report published by the Expert Group 'Towards a National Care and Support Service for Wales', which made some specific recommendations in this area including holding a transparent and honest 'national conversation' about the funding required to deliver a National Care and Support Service.

Recommendation 28. The Committee recommends that the Welsh Government works with public sector organisations to produce a comprehensive long-term public services workforce plan and provides an update on the development.

Accept in Principle

The Welsh Government welcomes the Committee's interest in an effective and productive public sector workforce in Wales and agrees that increasing our shared capability in workforce planning is an important enabler of public service efficiency.

The Welsh Government civil service is currently developing a strategic workforce plan as part of WG 2025: our action plan for changing and improving the organisation over the next three years so we can support Ministers effectively and deliver for Wales in an increasingly challenging financial and global context.

This will encompass a new capability plan for the organisation to address key skills gaps and development needs, as well as an affordable resourcing plan, our diversity and inclusion action plan and the action we will take to deliver on our commitment to becoming a bilingual organisation.

Other parts of the public sector, have long-term workforce plans in place focusing on their specific workforce needs and challenges. Some public sector organisations are likely to have a more varied level of maturity in terms of strategic

workforce planning. For example, NHS Wales has a 10-year workforce strategy that focuses on development of detail workforce plans.

There is a number of partnership groups and channels already in place through which workforce issues, including workforce planning, are discussed and learning is exchanged. These include the Workforce Partnership Council, which is a tripartite social partnership structure of the trade unions, employers and Welsh Government covering the devolved public services in Wales and the forum for cross-public services workforce matters. In addition, the Public Leaders Forum brings together Chief Executives from the main public service bodies in Wales.

We will use a future meeting of the Public Leaders Forum to discuss the Committee's recommendation, assess workforce planning maturity across public services organisations and explore the steps that might be needed for a more integrated pan-Wales approach. We will update the Committee following this discussion.



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA-RE-0754-23

Peredur Owen Griffiths MS,
Chair Finance Committee,
The Senedd,
Cardiff Bay,
Cardiff
CF99 1NA

09 March 2023

Dear Peredur,

I wanted to make the Committee aware that HM Treasury has recently approved an advance of £150m from the UK Contingencies Fund to the Wales Office. This advance will allow the Secretary of State for Wales to meet the forecast cash requirement of the Welsh Government prior to the UK Parliament's approval of the 2022-23 Supplementary Estimates expected in late March.

Due to the lateness of the Supplementary Estimates the cash limit authorised by the Main Estimates 2022-23 in July is insufficient to cover the cash required prior to the approval of the Supplementary Estimate in March. As the timing of that approval is outside our control we have requested an advance to cover the estimated gap in our cash requirement.

The Contingencies Fund is a standard UK procedure to access cash to meet the short term need in advance of approval of the Supplementary Estimate and will be repaid once the Supplementary Estimate is approved. The Wales Office will account for the advance and its repayment.

I hope you find this information helpful. I am copying this letter to the Auditor General for Wales for information.

Yours sincerely,

Rebecca Evans AS/MS
Y Gweinidog Cyllid a'r Trefnydd
Minister for Finance and Trefnydd

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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.

Jane Hutt AS/MS
Y Gweinidog Cyfiawnder Cymdeithasol
Minister for Social Justice

Llywodraeth Cymru
Welsh Government

JH/PO/0083/23

Peredur Owen Griffiths MS
Finance Committee
Senedd
Cardiff Bay
CF99 1SN

16 March 2023

Dear Peredur,

During the Minister for Finance and Local Government's appearance before this Committee on 1 March, the Minister was asked a number of questions around the capacity of local authorities to support our Ukrainian guests and has asked me to provide you with an update on these matters.

During 2022-23 we have been able to make revenue funding of £112m available to support activities around our humanitarian response to the conflict in Ukraine. This included £20m through the first supplementary budget as well as a further £92m through our second supplementary budget.

During 2022-23 we have received £74.4m from the UK Government in the form of integration tariffs, education tariffs and thank you payments for time spent in Welsh Government Initial Accommodation to offset some of these costs. The balance (over £37m) has been met from Welsh Government reserves.

A large proportion of the costs we incur are in relation to accommodation and wrap around costs associated with our super-sponsor route. We set up the super-sponsor route because we wanted to reduce the safeguarding risks inherent in the individual sponsor route and reduce barriers for people from Ukraine – mostly women and children – who are fleeing this deadly conflict and seeking sanctuary here in Wales. We felt it was important to prioritise funding to support our Ukrainian arrivals to fulfil our Programme for Government commitment to be a Nation of Sanctuary (as included in the Anti-Racist Wales Action Plan).

The allocation of £112m in 2022-23 is expected to be sufficient to meet all costs associated with our humanitarian response during this financial year. This allocation allows us to meet the costs of Welcome Centres, initial accommodation, arrival hubs and the contact centre

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and also accounts for the integration and education tariffs due to local authorities hosting our Ukrainian arrivals which represent a large proportion of these costs.

We have worked closely with our partners in local authorities to deliver support to our Ukrainian guests. Local authorities claim via quarterly grant claim forms for the costs associated with guests in their areas. Where guests are accommodated within accommodation provided through our super sponsor route, local authorities are provided with an agreed allocation to meet wrap around support costs. All other costs including accommodation and food are met directly by the Welsh Government.

When Ukrainians move on from our initial accommodation (either into private rented sector accommodation or into hosted accommodation), local authorities are provided with a pro rata proportion of the integration tariff to support those individuals. Integration tariffs from the UK Government were £10,500 per person for 2022 arrivals but have reduced to £5,900 for all arrivals on or after 1 January 2023. Local authorities have discretion in how this funding is used. In some cases, it has been used to provide support for those entering the private rented sector for example by providing finance for the bond and up-front rental payments required. Some local authorities have also used this funding to top up thank you payments to hosts to encourage longer term hosting arrangements which reduce pressure on housing need.

In light of wider housing pressures and the need to bring forward more good quality homes at pace to support people into longer term accommodation where they can settle and start to rebuild their lives, the Minister for Climate Change has also established the Transitional Accommodation Capital Programme. This funding will support local authorities and registered social landlords to deliver 1,300 additional homes within the next 18 months for everyone in housing need, including our Ukrainian guests.

Yours,

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

Jane Hutt AS/MS

Y Gweinidog Cyfiawnder Cymdeithasol
Minister for Social Justice

Cc Minister for Finance and Local Government and Minister for Climate Change



20 March 2023

Dear Peredur

During the Finance Committee meeting on 1 March, on the scrutiny of the Welsh Government's Second Supplementary Budget 2022-23, the Minister for Finance and Local Government agreed for a note to be issued to the Committee on the impact of inflation on the schools and education capital programme.

As noted in my [evidence paper](#) to the Children, Young People and Education Committee on the Welsh Government's Draft Budget 2023-24, and in my evidence session at Committee on 11 January, the impact of inflation is having an impact across my portfolio including the Sustainable Communities for Learning Programme – our programme to improve and develop schools and colleges across Wales. This is not unique to the Programme; it is a universal pressure faced across the public sector.

Local Authorities and Further Education (FE) Institutions have been affected by the soaring cost of energy and inflation across all services. Inflation is impacting upon the cost of new school and FE projects, with the increase in energy costs having a knock-on effect on the manufacture and transportation of materials, equipment and labour. Whilst excellent progress has been maintained under the Sustainable Communities for Learning Programme, the availability of construction materials and labour has seen costs increase by around 15%. Consequently, we have seen some local authority projects slowing down as commercial tender submissions are scrutinised and, in some instance, re-tendered. Under the Programme's co-construct approach, we have been working with Local Authorities and FE Institutions in managing these cost increases, including cost sharing (at agreed project intervention rates – typically 65% Welsh Government / 35% delivery partners) of legitimate contractual cost increases as and when these arise.

These increases in cost will inevitably result in less being delivered for the same budget allocation. However, we remain committed to investing more than £1.5bn in the next phase of Sustainable Communities for Learning Programme and the Education Infrastructure general capital budget allocation for 2022-23 stands at £0.3 billion, which represents an increase of over 30% when compared to the Programme's 2021-22 baseline. This increase in budget, which remains at a similar level for 2023-24 and 2024-25, will help in mitigating the impact of inflation.

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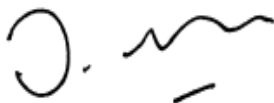
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I have recently announced an extra £60m to Local Authorities (£50m) and Further Education Institutions (£10m) in 2022-23 to support capital maintenance, prioritising energy efficiency works across schools and colleges in Wales and supporting cost of living pressures through energy reduction and decarbonisation in line with our Net Zero Strategy.

In response to our delivery partner needs for a more agile programme, I have introduced a Rolling Programme for delivery to improve efficiency and delivery for both partners and the Welsh Government. This has strengthened one of the Programme's key attributes of projects progressing at the pace and priority of our delivery partners. Implementation of a more dynamic rolling programme provides our partners and the Welsh Government with the opportunity to be more responsive to positive and negative budgetary pressures through the acceleration and deceleration of pipeline projects according to budget availability.

It is anticipated that some level of programme acceleration will be achieved through the rolling programme, however cost pressures associated with increased energy prices and the general cost of living will naturally have an impact on both the Welsh Government's budget as well as our delivery partners budgets. The co-construct delivery framework will see close collaboration maintained as we work a way through these challenging times. Whilst we have inevitably had to revise the timeline of delivery due inflationary pressures, it does not impact on the scale of our ambitions.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'J. Miles', with a stylized flourish.

Jeremy Miles AS/MS

Gweinidog y Gymraeg ac Addysg

Minister for Education and Welsh Language

Eluned Morgan AS/MS
Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol
Minister for Health and Social Services

Peredur Owen Griffiths MS
Chair
Finance Committee

SeneddFinance@senedd.wales

24 March 2023

Dear Peredur,

With reference to the following question, which you raised with the Minister for Finance and Local Government at the Finance Committee scrutiny of the Second Supplementary budget for 22-23 on March 1st 2023:

What the Welsh Government's additional funding into the NHS has actually achieved and how are you monitoring your expectations of that spend?

As the I believe the Minister for Finance and Local Government responded in Committee, the additional funding provided in year was detailed in the supplementary budget.

The Health & Social Services MEG received additional funding from Welsh Government reserves of £290m:

- £170.000m additional funding for NHS Covid and Energy pressures; and
- £120.000m for additional NHS pay funding for 2022-23.

The additional £170m at second supplementary budget has been allocated as follows:

- £89m for the ongoing costs related to the NHS Covid-19 response, and;
- £81m for exceptional additional energy costs which the NHS faced in 22-23

These costs have been scrutinised as part of our financial monitoring arrangements throughout the year.

In relation to the additional budget of £120m for an increased pay award for NHS staff; this has been fully allocated to cover the expected costs for both the one off additional 1.5% pay award in 22-23 and the consolidated element which was also agreed at 1.5%.

Recovery funding

Our original, planned investment on 'Recovery' of £170m this financial year is aimed at both reducing waiting times and delivering transformation. This investment was part of our original budget and the allocations at the start of the year to LHB's.

While reduction of waits is a priority for this funding, we are also clear we need to deliver transformation to build a more sustainable service model. Additional work on pathway management has seen Wales start to stabilise and reduce the total number of pathways waiting. **Welsh Waiting lists have gone down for the third successive month in December 2022.** This trend is not seen in England with waiting times in England for December showing an increase after their small decrease in November. As of **December 2022**, the total number of open pathways in England had increased by **21% (1.13 million)** over the last 12 months, whilst the number in Wales has increased by just **7% (49,907)** during the same period.

The waiting times targets we have set are a challenge, but it was right to set them to drive the improvements that were needed. In Wales we committed to prioritise early review and diagnostic as a recovery priority, this was not a target in England. While the December target was not met, we continue to focus on this target and have indicated a revised end date of zero over 52 week outpatients waits by the end of June 2023.

While it is disappointing that the NHS has not been able to deliver the initial target, significant progress has been made in reducing long waits however this has had to be balanced with providing sufficient capacity for urgent cases.

- Waits for outpatients over 52 weeks was as high as 102,662 in August 2022, the December position of 74,976 is a reduction of over 27,600 just under 27% improvement. In December 2022 just under 9 out of 10 outpatient waits over 52 weeks were across just seven specialities with a large number of speciality areas at zero or under 50 pathways waiting.
- Cancer referrals for suspected cancer as predicted have increased coming out of the pandemic. Until they have been reviewed, they are all clinically prioritised with shorter waits particularly in outpatients each month. We have seen the number of downgraded suspected cancer pathways increase in 2022, in December 2022 this increased by 5% compared to December 2021.
- The activity for new outpatient appointments, face-to face and virtual has increased in some areas above pre covid levels, but as indicated this is balanced between clinical urgency and long waiters, where urgency has increased this reduces availability for routine long waiters.

Monitoring and delivery on the additional NHS investment in 2022-23;

The NHS Finance Delivery Unit undertook an assessment on the use of the £170m recurrent Recovery funding to demonstrate how it has been used. Organisations focused the resources largely in the following areas:

- Maximizing internal capacity
- Bringing infrastructure on site – Theatres
- Additional capacity with private sector
- Diagnostics
- Improvements in urgent care pathways to reduce the possibility of cancellations.

- Key headlines from the specialty data summary received by the FDU include as examples:
 - Ophthalmology £18m, activity 39,945
 - Orthopaedics £13m, activity 18,519
 - Planned Care / Various /Multiple specialties accounts for c. £42m
 - Unscheduled Care/Urgent Care/Medicine £22m
- Our NHS recovery plan is also focused on transformation and pathway redesign. The recovery plan sought to not only address the backlog but also to reset and transform services. The transformation is supported by an additional £15m of recurrent funding. Each programme of work, from national, to local health board programmes, are supported by a monitoring tool to demonstrate value for money and their impact. Funding has been released in two waves subject to progress against agreed deliverables being met. Some are still in the early stage and full impact may take longer to fully see their long term impact.
- Pathway redesign: in three of the high-volume surgical pathways, we have seen overall referrals into secondary care services reduce compared to pre covid. (December to November 2018/19 compared to December to November 2021/22). *This is not a reduction in demand, but a change in the management of the demand.*
 - ENT has reduced by 16.8%,
 - Orthopaedics have reduced by 22%,
 - Ophthalmology have reduced by 1.6%

These are high volume areas where demand has continued to increase but how we manage the demand has changed.

New ways of working to ensure people are reviewed and managed appropriately, close to home where possible-

- Special advice and guidance (consultant Connect across each health board area)- allowing for either local or national clinical guidance on the day on how best to manage a patients care (national procurement contract).
- Electronic advice: Sometimes primary care clinicians want specific advice on how to manage a patient, rather than initiate a direct referral for secondary care, e-advice allows GPs to seek clinical guidance through a secure electronic link to specialist care, this has found it can reduce the need for a referral.
- Pathway redesign: ensuring appropriate tests or alternative pathways are considered enables to ensure value added care and appropriate use of resources. For ENT an example is more audiology in primary care. For orthopaedics more alternative therapy services available to manage patient needs. In ophthalmology more contracts and pathways being led by primary care optometry, (*procurement of a national tool to support national and local pathway redesign, to commence 2023/24, procurement process 2023.*)

- Alternative to the traditional models of care: During Covid virtual reviews were undertaken across both primary and secondary care. While this may have reduced as Covid restrictions have been lifted it is still seen as an important part of recovery and is being continued across a wide variety of services. This includes both individual and group consultations. Patient initiated follow-up (PIFU) and see on symptoms (SOS) have been introduced across all health boards with pathways across a wide range of specialities. This has then been used to increase new outpatient capacity while safely managing patient follow-up care. In the first 6 months over 98,000 outpatient follow-up pathways were changed to either PIFY or SOS.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. E. Morgan'.

Eluned Morgan AS/MS

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

Ein cyf/Our ref FM /0880/23

Elin Jones MS/AS
Llywydd
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22 March 2023

Dear Elin

You will be aware the Senedd passed the Environmental Protection (Single-use Plastic Products) (Wales) Bill on 6 December 2022. In the interests of transparency, I would like to describe the Government's intentions in relation to Royal Assent and coming into force of the Act.

The Minister for Climate Change gave evidence at three committees. I am copying this letter to the Chairs of those Committees.

The Bill engages the World Trade Organisation's (WTO) Technical Barriers to Trade Agreement, which includes a legal requirement to provide a reasonable interval (usually six months) between the passing and publication of legislation which impacts on trade and its coming into force. This requirement is to allow businesses in WTO member countries to adapt their products to meet the demands of the new requirements. The Bill includes a number of substantive provisions which will commence the day after Royal Assent. Consequently, I do not intend to apply the Welsh Seal to the Letters Patent until the six-month WTO notification period has concluded in early June.

This is the first time since the United Kingdom left the European Union that the Senedd has passed a Bill which engages this WTO process. As a development of good practice, I will ensure that in future you are notified in writing about any other legislation which we expect to engage this this WTO procedure.

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I happy to discuss this approach further with you when we meet later today. I am copying this letter to the Chair of Climate Change, Environment and Infrastructure Committee, the Chair of the Legislation, Justice and Constitution Committee and Chair of the Finance Committee.

Yours sincerely

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive, slightly slanted style.

MARK DRAKEFORD

Eluned Morgan
Minister for Health and Social Services
Welsh Government

9 March 2023

Dear Eluned

Health Service Procurement (Wales) Bill

Thank you for agreeing to attend our meeting on Thursday 30 March 2023 to discuss the Health Service Procurement (Wales) Bill.

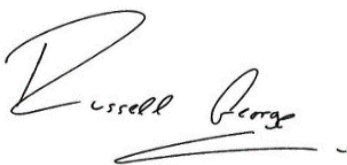
As the scrutiny timetable agreed by the Business Committee for this Bill allows limited time for Stage 1 scrutiny, we have followed with interest the evidence that you have given this week to the Legislation, Justice and Constitution Committee and the Finance Committee. To help us prepare for our evidence session on 30 March, we would be grateful if you could provide written evidence addressing the following points (and any other issues that you think it would be helpful to set out in writing to supplement the information already available in the Explanatory Memorandum and Statement of Policy Intent):

1. Please provide a timeline setting out key milestones and your current best estimates of the timescales associated with the HSP Bill, regulations and other associated events, including:
 - a. Your understanding of when the UK Government's Procurement Bill is likely to get Royal Assent and come into force; when the UK Government is expected to publish the outcomes of its consultation on a Provider Selection Regime (PSR); and when the UK Government is expected to lay draft regulations to give effect to the PSR before Parliament.
 - b. When you anticipate the 12 week consultation to which you have committed will take place.

- c. When you anticipate laying draft regulations and publishing statutory guidance under the Bill, and when you anticipate them coming into force.
2. A broad summary of the approach you anticipate taking in your 12 week consultation. For example, will the consultation focus on the suitability of the UK Government's PSR for application in Wales, on the principles that might underpin new arrangements in Wales, or on specific draft regulations or draft statutory guidance.
3. In your session with the Legislation, Justice and Constitution Committee on 6 March, the committee Chair, Huw Irranca-Davies MS, questioned the interaction between the United Kingdom Internal Market Act 2020 and goods connected to health services that are procured following regulations made under the Bill's 'creation' power. In response, one of your officials explained that the Welsh Government's position is that "when the Senedd legislates in a non-reserved area, it does so free from the requirements of the Act." As this includes where primary legislation provides regulation-making powers, "provisions relating to the procurement of goods connected to healthcare services contained in both the Bill and any future regulations made using the powers in this Bill will not engage the UK Internal Market Act."
Are you able to provide further analysis that demonstrates how and why the Welsh Government has reached this view?

To ensure we can take your evidence into account as we prepare for the session, we would be grateful for a response **by 17 March 2023**. I am copying this letter to the LJC and Finance Committees, as I am sure they will also find this information of assistance in their scrutiny of the Bill.

Yours sincerely



Russell George MS
Chair, Health and Social Care Committee

cc Huw Irranca-Davies MS, Chair, Legislation, Justice and Constitution Committee
Peredur Owen Griffiths MS, Chair, Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg. We welcome correspondence in Welsh or English.

Huw Irranca-Davies MS

Chair Legislation Justice and Constitution Committee

Senedd Cymru

SeneddDCC@senedd.cymru

24 March 2023

Dear Huw,

Thank you for your letter and the questions put forward by your Committee relating to the Health Service Procurement (Wales) Bill. I am pleased to provide my response, which is attached at Annex A.

In your letter, you also offered the opportunity to provide supplementary written evidence in relation to the Bill and I have also received similar requests from the Chairs of the Health and Social Care Committee and Finance Committee. As such, I have provided additional information in Annex A to support all three Committees with the scrutiny of the Bill.

I trust my response answers your questions. However, if there are further questions or areas requiring clarification, my officials and I are happy to offer additional written evidence or provide a technical briefing session.

I am copying this letter to the Chairs of the Health and Social Care Committee and Finance Committee.

Yours sincerely



Eluned Morgan AS/MS

Y Gweinidog Iechyd a Gwasanaethau Cymdeithasol

Minister for Health and Social Services

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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.

ANNEX A

HEALTH SERVICE PROCUREMENT (WALES) BILL - RESPONSE TO QUESTIONS FROM THE LEGISLATION, JUSTICE AND CONSTITUTION COMMITTEE, LETTER DATED 13 MARCH 2023

Q1 - The timescales for the development of regulations to be made under the Bill to introduce a new separate procurement regime for health services in Wales, including consultation and the opportunities for the Senedd to undertake scrutiny of the draft and final regulations.

At present and subject to Senedd approval, the expectation is for the Bill to receive Royal Assent in August.

Following Royal Assent, it is proposed to undertake a 12 week public consultation commencing as soon as practical, and likely to begin in early Autumn. However, this timing is predicated on having seen the final Regulations and statutory guidance on the Provider Selection Regime from DHSC in the next few months.

The consultation will focus on the operational principles of the new procurement regime for Wales, based on how the Provider Selection Regime will operate in England and whether this is an approach we should replicate in Wales to a greater or lesser degree, where appropriate.

The outcome of the consultation exercise will help inform the development of the future regulations and statutory guidance (which will be developed in partnership with NHS Wales). As such, we are not proposing to consult on the actual Welsh regulations and statutory guidance.

We anticipate laying regulations in early 2024 following the 'draft affirmative procedure' to allow the Senedd the opportunity to scrutinise the regulations, and aiming for those regulations coming into force in Spring 2024, subject to Senedd approval.

This proposed timeline aims to coincide as far possible with wider procurement reform changes as a result of the UK Government's Procurement Bill to minimise operational impact for the 'relevant authorities' who will be implementing the new procurement regimes.

Q2 – As the regulations are developed, detail on any barriers that arise which may impede the Senedd's ability to scrutinise them within set timescales.

The timelines provided in the response to Q1 are based on assumptions of the successful passage of both the UK Government's Procurement Bill receiving Royal Assent this Spring and the Health Service Procurement (Wales) Bill receiving Royal Assent in August. Crucially, we need to have sight of the detail and final regulations on the Provider Selection Regime from DHSC in the next few months, to enable us to develop operational principles of a new health service procurement regime for Wales.

Q3 – Further examples of ‘mixed procurements’ for both healthcare services and goods, for which statutory guidance will state which procurement regime applies: either the rules provided by the UK Government’s Procurement Bill or the rules provided by regulations to be made under this Bill.

The definition of ‘health services’ contained in the Bill relates to ‘**clinical**’ health services’ as described by sections 1 and 3 of the National Health Service (Wales) Act 2006. The clinical health services will be defined under future regulations by Common Procurement Vocabulary codes (“CPV codes”). For example, a **draft** list of proposed CPV codes under DHSC’s Provider Selection Regime in England can be found on the link [here](#). Once we have sight of the agreed list of CPV codes in DHSC’s final regulations, my officials and I will consider whether we choose to replicate the same CPV codes in the proposed future regulations.

The Bill therefore does not cover the procurement of ‘non-clinical services’ or goods **in isolation** (such as food). Goods and other services in isolation procured by the health sector in Wales will remain subject to the existing procurement regulations, until these are replaced by the wider procurement reforms under the forthcoming UK Government Procurement Bill.

The Health Service Procurement (Wales) Bill does however make provision for the procurement of goods or other services that are ‘**connected to**’ clinical health services (i.e. mixed procurement). Provisions around mixed procurement will need to be consistent with rules set out in provisions under existing procurement regulations and reforms under the forthcoming UK Government Procurement Bill.

It is anticipated that ‘mixed procurement’ within the Health Service Procurement (Wales) Bill will only apply within a defined set of rules and under certain circumstances. For example, this could apply to arrangements where the main subject matter is a ‘clinical health service’ and the procurement of the connected goods or services are not reasonably separable, or procuring such goods and services separately would adversely impact the delivery of the ‘clinical health service’.

DHSC are considering a similar position on ‘mixed procurement’ in their Provider Selection Regime and the circumstances and scope of when such rules will apply. Information on DHSC’s approach to this matter is included on the link [here](#) and as detailed in the House of Lords debate on the UK Government’s Procurement Bill last November¹.

In summary, my officials and I will consider the operational detail around how ‘mixed procurement’ will work in practice as part of the development of future regulations and new health service procurement regime guidance in Wales.

¹ [https://hansard.parliament.uk/Lords/2022-11-28/debates/916A209A-EB71-4F08-A080-5DE3DE3A5284/ProcurementBill\(HL\)#contribution-A83EB580-2EC1-4C3F-A08F-DE7F493BC143](https://hansard.parliament.uk/Lords/2022-11-28/debates/916A209A-EB71-4F08-A080-5DE3DE3A5284/ProcurementBill(HL)#contribution-A83EB580-2EC1-4C3F-A08F-DE7F493BC143)

ADDITIONAL SUPPLEMENTARY INFORMATION – following correspondence from the Chairs of the Health and Social Care Committee and the Finance Committee in relation to the Bill.

Ongoing relationship with the Department of Health and Social Care on the Provider Selection Regime

I would like to take the opportunity to outline the position in relation to previous and ongoing dialogue with DHSC on the introduction of the Provider Selection Regime in England.

The UK Government's Health and Care Act received Royal Assent in April 2022 and the provisions in the Act relating to health service procurement applied to England only. There had been limited interaction between DHSC and my officials on the Provider Selection Regime at this time as DHSC's policy was being developed, and there was limited appreciation by DHSC on the perceived operational impact for health service procurement in Wales.

However, as policy was further developed and interaction increased, the potential impact of the proposed Provider Selection Regime on health service procurement in Wales was recognised. As a result, in July 2022 I wrote to the then UK Government's Minister for Health, Maria Caulfield MP, to express my desire to better understand how the planned introduction on the Provider Selection Regime in England would impact health service procurement in Wales. I stressed the importance of strengthening the existing relationship between our officials; continuing engagement on the matter and requesting sight of the draft Provider Selection Regime regulations at the earliest opportunity.

My officials and their counterparts in DHSC have since fostered an excellent working relationship. DHSC have maintained regular contact with my officials on the progress of the Provider Selection Regime and my officials have discussed the introduction of the Health Service Procurement (Wales) Bill. Where appropriate to do so, DHSC have provided my officials with draft information on the Provider Selection Regime proposals, including sight of draft regulations, which were shared in confidence early in their development. This close working relationship remains in place and we anticipate that DHSC will share copies of the completed regulations when finalised and ready for laying.

Information on the detailed workings in relation to the increase in staff costs to NHS Bodies of £2.7 million identified in the Regulatory Impact Assessment of the Bill.

A breakdown of the illustrative figures for NHS staffing costs set out in paragraph 93 and table 7 of the Regulatory Impact Assessment of the Bill is set out below:

Health Service Procurement (Wales) Bill		
Illustration of NHS Wales staffing costs		
Total revenue cost per annum of 257 NHS procurement staff		£ 10,470,018
10% capacity in revenue costs 257 NHS NHS procurement staff	<i>per annum</i>	£ 1,047,002
	<i>per month</i>	£ 87,250
year 1 2023-24	<i>(7months @ £87,250)</i>	£ 610,751
year 2 2024-25		£ 1,047,002
year 3 2025-26		£ 1,047,002
Total		£ 2,704,755
Rounded to the nearest £000's		£ 2,705,000

Confirmation on the likelihood of the Welsh Government receiving consequential funding as a result of the expenditure in England.

At present there is no indication that Welsh Government will receive consequential funding as a result of expenditure related to the proposed introduction of the Provider Selection Regime in England. Should this position change, I will provide an update to committees during the Bill scrutiny process.

Agenda Item 2.9



Department
of Health &
Social Care

*From Lord Markham
Parliamentary Under-Secretary of State*

*39 Victoria Street
London
SW1H 0EU*

Russell George MS
Chair of the Senedd Health and Social Care Committee
By email to:
SeneddHealth@senedd.wales

22 March 2023

Dear Russell,

Thank you for your letter dated 16 February 2023 to the Secretary of State for Health and Social Care. As the lead minister for the Provider Selection Regime (PSR) policy, the Secretary of State has asked me to respond on his behalf.

Our plans to establish the PSR in England were set out in the '[Preview](#)' document which UK Government published online last year as part of a consultation. We have not published the response to that consultation yet but will do so ahead of the laying of the PSR regulations before the UK Parliament.

I can confirm that officials from Welsh Government and UK Government have discussed both the PSR and Welsh Government's introduction of the Health Service Procurement (Wales) Bill. Additionally, Minister Caulfield and Minister Morgan corresponded on the PSR most recently this summer and agreed for Welsh and UK Government to continue to work together on the outcomes of the Health and Care Act 2022 – including the delivery of the PSR. To this end UK Government agreed to share the draft regulations for the PSR with Welsh Government to assist Welsh Government in their assessment of the policy.

The UK Government has shared the draft regulations with the Welsh Government. However, these regulations were still in development and were shared in confidence. At this time, UK Government in partnership with NHS England is preparing its final draft of the regulations which will set out the detail of the PSR. We plan to lay the regulations for the PSR in UK Parliament once we have a final draft ready to lay.

The date at which the regulations are laid will also inform our final planned target date to commence the PSR in England. The regulations will be subject to the affirmative parliamentary process before they can come into force.

With my very best wishes,

LORD MARKHAM CBE

Welsh Parliament
Senedd Commission

Peredur Owen Griffiths MS
Chair of Finance Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
CF99 1SN

30 March 2023

Dear Peredur

When I wrote to you in November with the Commission's response to the Finance Committee's recommendations made in the **Report on the Scrutiny of the Senedd Commission Draft Budget 2023-2024**, I committed that the Commission would provide further information in relation to Recommendations 5 and 8. This is set out in **Annex 1**.

Additional updates on recommendations 3, 4 and 7 are not yet due and will be provided once the Commission has considered the pertinent information. This is referenced in the Annex.

I would like to thank the Committee again for its scrutiny and if there is any further information you would like to have, please do not hesitate to let me know.

Yours sincerely





Ken Skates MS

cc Senedd Commissioners, Manon Antoniazzi, Ed Williams



Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English



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Annex 1 - Finance Committee Recommendations

Recommendation 5.

The Committee recommends that the Senedd Commission provides an update as soon as decisions relating to the future of the Colwyn Bay office and the Senedd presence in north Wales have been made.

The Commission has approved a business case to provide the facilities currently available to staff and Members at the Commission's Colwyn Bay office at Welsh Government's Sarn Mynach Regional Office (at Llandudno Junction) through a co-location agreement. The Commission subsequently agreed to exercise the break clause to the North Wales office and relocate the office by July 2023.

The Commission has now served notice to the Colwyn Bay landlord of its intention to end the lease and the project has moved into its delivery phase. Planning is advanced for the move, with the establishment of a Project Group and with the project running to schedule. Commissioners agreed that the independence of the office from the Welsh Government should be made clear, including through appropriate branding and signage. This is being pursued with Welsh Government as part of the delivery phase. The project is expected to generate a saving of £100,000 over the appraisal period.

Recommendation 8.

The Committee recommends that the Senedd Commission seeks the views of Members to better understand the engagement work they wish to take forward and, once that work is completed, provide an update to the Committee on how such proposals can be delivered within existing budgets.

We are finalising our plans to engage with Members in the coming months. The Director of Communications and Engagement will be attending the next Chairs' Forum and attended the Political Contact Group with the Head of Engagement on *Thursday 9th March*. Our Director of Communications and Heads of Service also regularly engage with Chiefs of Staff on our engagement work.

We are exploring the best way to continue to engage directly with Members, while acknowledging the many work pressures they face. Our engagement plan will look at the best ways of engaging with Members to deliver our current strategy using existing Member engagement channels and will inform how we best engage the Members of the Seventh Senedd when developing our next strategy.



Recommendation 3. The Committee recommends that the Senedd Commission provides periodic updates on:

- **the energy-saving initiatives that are both planned and have been implemented;**
- **the effectiveness of those initiatives in delivering sustainable outcomes; and**
- **the associated impact on costs and savings.**

The next update will be included as part of the Commission's regular reports and updates on its energy saving initiatives to support its carbon neutral strategy and sustainability actions. These will form part of the Sustainability Annual Report as well as being summarised in the Commission Annual Report and Accounts. These reports are published in late June, or early July, once agreed by the Commission. We will continue to be transparent about work and progress in this area by routinely updating with information about overall costs and impact in these annual reports.

Recommendation 4. The Committee recommends that the Senedd Commission:

- **considers the financial and operational benefits or otherwise of purchasing the freehold of Tŷ Hywel as an alternative to extending the current lease; and**
- **provides regular updates on the options evaluated in relation to the future of all buildings on the estate to ensure transparency and value for money.**

At its meeting in December the Commission agreed to instruct our professional property advisers Avison Young to provide initial detailed advice on the range of property options available to the Senedd for the Cardiff Bay estate which will include the financial and operational benefits of the available options. The initial advice is now expected to be received in late Spring 2023. The advice will be carefully reviewed by officials and considered by the Commission. Subject to that, a Strategic Outline Case, evaluating the options for future office accommodation in line with the Welsh Government / HM Treasury 'Green Book' process, will be prepared during this calendar year. We will update the Committee as work on the Strategic Outline Case then develops.

Recommendation 7. The Committee recommends that the Senedd Commission puts steps in place to evaluate the effectiveness of the initiatives it has introduced to mitigate the impact of cost of living pressures on staff and shares its findings from such reviews.

The Executive Board conduct a regular 'pulse survey' which supports the evaluation of its initiatives in this area. Pertinent findings from the next pulse survey will be shared with the Committee once available.



Ein cyf/Our ref RE/00114/23

Llywodraeth Cymru
Welsh Government

Finance Committee
Senedd Cymru
Cardiff Bay
Cardiff
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03 April 2023

Dear Committee Members,

I thought it might be helpful to respond to points made in committee and in the plenary debate on the Local Government Settlement on the level of information the Welsh Government publishes on the calculation of the settlement distribution.

I am committed to transparency over the local government settlement. I recognise that it is complex, and my officials and WLGA officers have been strengthening efforts to communicate how the settlement works by offering more information sessions to local elected members and officers and to the Society of Welsh Treasurers. As you know my officials also offer a presentation to the Local Government and Housing Committee on the formula every year ahead of the provisional local government settlement. I have asked them to ensure that this offer is made more widely, and certainly to the Finance Committee as well for the forthcoming year.

In terms of what information [has been published](#) for many years, the Local Government Finance report (which is also laid before the Senedd) contains much of the detail within the settlement such as the basis of calculations for the components of Revenue Support Grant (RSG), Non Domestic Rates (NDR) and Standard Spending Assessment (SSA) and also the indicators and values used in the calculations.

In addition to this, the Green Book is published in relation to each year. Those for [2021-22](#) and [2022-23](#) have recently been published, and for 2023-24 will be published shortly. While it is possible to derive each element of the calculation from the Green Book I recognise this would take some effort. As part of improving the transparency and understanding of this important aspect of Local Government funding, the structure of the Green Book for 2021-22 onwards has been improved significantly in terms of accessibility and the amount of information contained within it. The background information is presented distinctly in a PDF, and there are separate workbooks detailing the indicators and services indicator based assessments (IBAs). Within these the formulae are presented for calculating the SSA for the main service areas:

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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.

Pack Page 45

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.

- education
- personal social services
- fire
- transport
- other services
- council tax reduction schemes
- debt financing

In closing, I am clear that the raising of awareness and understanding is an ongoing process and that understanding is necessary to support appropriate scrutiny and development both within local government and through the Senedd. WLGA and my officials will continue to promote understanding. I will inform the committee of any further developments as they transpire.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style with a large initial 'R' and a long, sweeping underline.

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government

Hannah Blythyn AS/MS
Y Dirprwy Weinidog Partneriaeth Gymdeithasol
Deputy Minister for Social Partnership

Llywodraeth Cymru
Welsh Government

Jenny Rathbone MS
Chair of the Equality & Social Justice Committee

Huw Irranca-Davies MS
Chair of the Legislation, Justice & Constitution Committee

Peredur Owen Griffiths MS
Chair of the Finance Committee

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28 February 2023

Dear Jenny, Huw & Peredur,

I am writing to you ahead of the Stage 3 debate on the Social Partnership and Public Procurement (Wales) Bill on 07 March to inform you that I have today tabled an updated version of the Explanatory Memorandum ('EM') for the Bill.

Revisions have been made throughout the EM reflecting the commitments I gave in response to a number of Stage 1 Committee Recommendations. The main changes are listed at page 45 of the document, and it will be clear to Committee Chairs and Members which Recommendations these relate to. However, I thought it would be helpful to provide additional detail in relation to the following Committee Recommendations, so that you are assured these have been appropriately dealt with:

- a) In response to ESJ Committee Recommendation 2: revisions have been made to the narrative text of chapters 3 and 11 to make clearer the outcomes that the Bill is seeking to achieve and how these will be monitored and measured over time. Key stakeholders have also been involved in the revision of the EM (see c) & e) below).
- b) In response to ESJ Committee Recommendation 11, and the related Finance Committee Recommendation 10: the changes made in relation to the Future Generations Commissioner's office and Audit Wales are at paragraph 282 & Table 3.4, and also paragraphs 289 – 293. You will recall that I provided details regarding the Commissioner's budget in my letter to you of 17 January - this information has not been included in the revised EM as it is not directly related to the Bill.

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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.

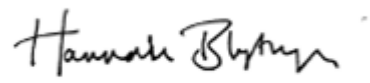
- c) In response to ESJ Committee Recommendation 17 and Finance Committee Recommendation 3: following further consultation with external public procurement stakeholders the amount of training and support that will be required to ensure contracting authorities are able to fulfil their socially responsible procurement duties, and the associated costs, have been increased in response to concerns that the original EM had underestimated these. The changes are as follows:
- the amount of guidance and support required (which now includes supplier support sessions, and an increase in staff training days per person per year from 8 to 20 per person) and the cost of producing and delivering this, has been increased from £360,400 to £641,100 (see Table 5.1, Table 5.4, Table 5.7, Table 6 and paragraph 390); and,
 - the amount of time required for objective setting and planning has been increased from 7 days per year per person to 11 days per year per person, and the costs uplifted accordingly from £98,400 to £215,900 (see Table 5.6).
- d) In response to ESJ Committee Recommendation 22: additional text has been added to the EM providing examples of the types of circumstances that might trigger an investigation under Section 41 (see paragraphs 109 – 112).
- e) In response to ESJ Committee Recommendation 25: in addition to the work undertaken with procurement stakeholders referred to at c) above, the Welsh Government has also engaged with the Social Partnership Forum to explain the changes being made to the EM, including in relation to costs. These changes include:
- replacing the costs relating to the Shadow Social Partnership Council ('SSPC') which were included in the original EM with the costs of the Social Partnership Forum ('SPF') which succeeded it. Because the SPF has a smaller membership and meets less frequently than the SSPC costs have reduced from £73,300 to £49,900 (see paragraphs 198 – 204 and Tables 2 and 2.1);
 - responding to concerns that the familiarisation costs in relation to the social partnership duty had been underestimated by including a wider range of stakeholders, resulting in an increase in costs from £2,200 to £22,319 (see paragraphs 280 – 283 and table 3.4; and
 - correcting an error in Table 3.5 which had costed for three Social Partnership Council meetings per year rather than four.

Feedback was invited from SPF members on these changes, which has been taken into account in producing the final revised version of the EM.

- f) In relation to Finance Committee Recommendation 1: because all of the costs included in the RIA are staffing costs (which have been uplifted to take account of the most recent pay data available), there are no costs which could be recalculated to take account of general price inflation. On the wider issue raised in Recommendation 2 - as I confirmed in my letter of 15 December 2022 the Committee Chair will receive a formal response from the Minister for Finance and Local Government on this matter in due course.

The result of these revisions to the EM is that the total costs of this legislation to the public and private sector over the five-year appraisal period has increased from £30,399,200 to £31,552, 219.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Hannah Blythyn'.

Hannah Blythyn AS/MS

Y Dirprwy Weinidog Partneriaeth Gymdeithasol
Deputy Minister for Social Partnership



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair
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SeneddFinance@senedd.wales

20 April 2023

Dear Peredur,

I wish to update the Finance Committee on newly acquired evidence regarding the costs of implementing the Food Wales Bill (FWB).

The [Explanatory Memorandum](#) accompanying the FWB states '*assumptions have been made following liaison with Scottish Government officials who produced cost estimates for the Good Food Nation (Scotland) Bill.*' (para 331). Following my officials' regular communications with their counterparts in Scottish Government some more up-to-date estimates for the costs of implementing the FWB have come to light.

The cost estimates for comparable elements of the Good Food Nation (Scotland) Act 2022 have increased significantly compared to those which the Scottish Government originally anticipated when it was a Bill and which informed the FWB Explanatory Memorandum. This means the estimates quoted in the Explanatory Memorandum for the costs to the Welsh Government and public bodies in Wales of implementing the FWB, are certainly significant underestimates. I draw your attention to the table below which sets out the estimated costs taken directly from the FWB's Explanatory Memorandum and matched with the up to date costs which Scottish Government has now calculated.

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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.

Cost Element	Food (Wales) Bill estimated costs (based on 2022 estimated costs of Good Food Nation (Scotland) Bill)	Good Food Nation (Scotland) Act – Scottish Gov estimated costs March 2023
WG officials' time to create National Food Strategy and establish Food Commission.	£20,960 ^[1] pa	£227,600 pa for team of five (mixed full and part time) officials, excluding deputy director sign off, and support input from legal advisers, economists, comms and input from non-food teams.
Food Commission	bt £750,000 - £1,500,000	£1.1 million p.a.
Local Food Plans	£21,687 per Local Authority/Health Board ^[2]	£46,969 - £61,186 p.a. estimated costs for one member of staff per Local Authority depending on grade of staff.

1 [Explanatory Memorandum](#) para 325 Table 4 and para 374

2 [Explanatory Memorandum](#) para 409

I am copying this letter to the chair of the ETRAC and to Mr. Fox MS.

Regards,



Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd

cc: Mr. Paul Davies, Chair of the ETRAC
Mr Peter Fox, MS.

^[1] [Explanatory Memorandum](#) para 325 Table 4, para 374

^[2] [Explanatory Memorandum](#) para 409

Agenda Item 3

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

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