

## Finance Committee

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Meeting Venue:

**Committee Room 3 – Senedd**

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Meeting date:

**Monday, 3 November 2014**

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Meeting time:

**12.30**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



For further information please contact:

**Bethan Davies**

Committee Clerk

029 2089 8120

[FinanceCommittee@wales.gov.uk](mailto:FinanceCommittee@wales.gov.uk)

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## Agenda

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**1 Introductions, apologies and substitutions (12:30)**

**2 Papers to note (12:30 – 12:35) (Pages 1 – 5)**

**3 Welsh Government Draft Budget 2015–16: Evidence Session 6 (12:35 – 14:30) (Pages 6 – 23)**

Research brief

Jane Hutt AM – Minister for Finance and Government Business

Jo Salway – Deputy Director, Strategic Budgeting, Welsh Government

Lynne Hamilton – Director of Finance & Commercial, Welsh Government

Jeff Andrews – Specialist Policy Adviser, Welsh Government

**4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**

Item 5 and Item 1 of the meeting on 6 November 2014

## **5 Welsh Government Draft Budget 2015–16: Consideration of evidence received (14:30 – 15:30) (Pages 24 – 162)**

FIN(4)–20–14 Paper 1

FIN(4)–20–14 Paper 2

FIN(4)–20–14 Paper 3

FIN(4)–20–14 Paper 4

FIN(4)–20–14 Paper 5

FIN(4)–20–14 Paper 6

FIN(4)–20–14 Paper 7

FIN(4)–20–14 Paper 8

FIN(4)–20–14 Paper 9

FIN(4)–20–14 Paper 10

FIN(4)–20–14 Paper 11

## Finance Committee

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Meeting Venue: **Committee Room 2 – Senedd**

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Meeting date: **Thursday, 16 October 2014**

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Meeting time: **09.00 – 12.42**

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This meeting can be viewed on Senedd TV at:

<http://www.senedd.tv/Meeting/Archive/f6ffe2a8-7944-4827-bc3c-4eb591f00c53?autostart=True>

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



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### Concise Minutes:

MeetingTitle

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#### Assembly Members:

**Jocelyn Davies AM (Chair)**  
**Peter Black AM**  
**Christine Chapman AM**  
**Mike Hedges AM**  
**Alun Ffred Jones AM**  
**Ann Jones AM**  
**Julie Morgan AM**  
**Nick Ramsay AM**

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#### Witnesses:

**Jon Rae, WLGA**  
**Councillor Ellen ap Gwynn, Ceredigion County Council**  
**Chris Lee, Rhondda Cynon Taf County Borough Council**  
**Dave Street, Association of Directors of Social Services Cymru**  
**Lindsey Williams, Wales Council for Voluntary Action**  
**John Watkin, Denbighshire Voluntary Services Council**  
**Ele Hicks, Diverse Cymru**  
**Auriol Miller, Cymorth Cymru**  
**Sam Austin, Llamau**  
**Simon Hatch, Carers Trust Wales**  
**Kieron Rees, Carers Trust Wales**

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## TRANSCRIPT

View the [meeting transcript](#).

### **1 Introductions, apologies and substitutions**

1.1 The Chair welcomed the Members to Committee.

1.2 There were no apologies.

### **2 Papers to note**

2.1 The papers were noted.

### **3 Welsh Government Draft Budget 2015–16: Evidence Session 3**

3.1 The Committee took evidence from Jon Rae, Welsh Local Government Association, Cllr Ellen ap Gwynn, Ceredigion County Council, Chris Lee, Rhondda Cynon Taf County Borough Council and Dave Street, Association of Directors of Social Services Cymru on the Welsh Government's draft budget for 2015–16.

3.2 The Committee agreed to write to Jon Rae with a list of the questions not reached to enable him to respond in writing.

### **4 Welsh Government Draft Budget 2015–16: Evidence Session 4**

4.1 Gareth Coles, Wales Council for Voluntary Action sent his apologies due to a family bereavement.

4.2 The Committee took evidence from Lindsey Williams, Wales Council for Voluntary Action, John Watkin, Denbighshire Voluntary Services Council and Ele Hicks, Diverse Cymru on the Welsh Government's draft budget for 2015–16.

### **5 Welsh Government Draft Budget 2015–16: Evidence Session 5**

5.1 The Committee took evidence from Auriol Miller, Cymorth Cymru, Sam Austin, Llamau, Simon Hatch, Carers Trust Wales and Kieron Rees, Carers Trust Wales on the Welsh Government's draft budget for 2015–16.

5.2 Auriol Miller agreed to provide the Committee with a note.

**6 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**

6.1 The motion was agreed.

**7 Welsh Government Draft Budget 2015–16: Consideration of evidence received**

7.1 The Committee considered the evidence received.

# Finance Committee

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Meeting Venue: **Committee Room 2 – Senedd**

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Meeting date: **Wednesday, 22 October 2014**

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Meeting time: **09.30 – 12.00**

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This meeting can be viewed on Senedd TV at:

<http://www.senedd.tv/Meeting/Archive/61be0bb9-2d4e-4fea-9f09-ce827cb04984?autostart=True>

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Wales



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## Concise Minutes:

### Assembly Members:

**Jocelyn Davies AM (Chair)**  
**Peter Black AM**  
**Christine Chapman AM**  
**Mike Hedges AM**  
**Alun Ffred Jones AM**  
**Ann Jones AM**  
**Julie Morgan AM**  
**Nick Ramsay AM**

### Witnesses:

**Professor Max Munday, Cardiff University**  
**Mike Usher, Wales Audit Office**

### Committee Staff:

**Bethan Davies (Clerk)**  
**Claire Griffiths (Deputy Clerk)**  
**Tanwen Summers (Deputy Clerk)**  
**Richard Bettley (Researcher)**  
**Joanest Varney-Jackson (Legal Advisor)**  
**Don Peebles (Expert Advisor)**  
**Ian Summers (Expert Advisor)**

## TRANSCRIPT

View the [meeting transcript](#).

### **1 Introductions, apologies and substitutions**

1.1 The Chair welcomed the Members to Committee.

### **2 Best Practice Budget Processes Inquiry Part II: Evidence Session 3**

2.1 The Committee took evidence from Professor Max Munday, Director of Welsh Economy Research Unit, Cardiff Business School on the Best Practice Budget Processes Inquiry Part II.

### **3 Best Practice Budget Processes Inquiry Part II: Evidence Session 4**

3.1 The Committee took evidence from Mike Usher, Sector Lead, Health & Central Government, Wales Audit Office on the Best Practice Budget Processes Inquiry Part II.

3.2 Mike Usher agreed to confirm who is presently responsible for collecting landfill tax and how accurate estimates of revenue for Non-Domestic Rating have been compared to actual revenue.

### **4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**

4.1 The motion was agreed.

### **5 Best Practice Budget Processes Inquiry Part II: Consideration of evidence received**

5.1 Members considered the evidence received.

### **6 Planning (Wales) Bill: Financial Implication of the Bill**

6.1 Members considered the briefing paper on the Planning (Wales) Bill and agreed they would invite Carl Sargeant AM, Minister for Natural Resources, to discuss the financial implications of the Bill.

### **7 Welsh Government Draft Budget 2015–16: Consideration of key issues**

7.1 Members considered the key issues.

# Agenda Item 3

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

Document is Restricted



# Agenda Item 5

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

Document is Restricted

Jane Hutt AC / AM  
Y Gweinidog Cyllid a Busnes y Llywodraeth  
Minister for Finance and Government Business



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref SF/JH/3317/14

Jocelyn Davies AM  
Chair, Finance Committee  
National Assembly for Wales  
Cardiff  
CF99 1NA

16 October 2014

*Dear Jocelyn,*

Following my appearance at Finance Committee on 2 October, I agreed to provide further information on a number of areas. However, before I address the specific action points, I thought it would be helpful to provide further information with regards the presentation of Budget information and the rationale for making comparisons against previously published plans.

#### Budget Presentation

As I highlighted at Committee, we publish spending plans for the years for which we have a settlement from the UK Government in order to provide our delivery partners with a degree of certainty on which to plan. However, the figures are indicative and subject to change, not least because our overall budget is subject to changes. For this reason, an important element of the presentation of the annual budget is highlighting where indicative budgets have changed and where partners' delivery plans need to change accordingly.

For example, since last December, local authorities have been planning on the basis that their indicative budget for 2015-16 would be £72m lower than their budget in 2014-15. In the Draft Budget 2015-16, we announced that the actual budget in 2015-16 would be £82.8m lower than previous plans. That is a total change of £154m between years, but only £82.8m reflects 'new' reductions. Similarly on health, our indicative plans for 2015-16 set out in the Draft Budget 2014-15, include an increase to the Health and Social Services MEG of £72m in Fiscal Resource between 2014-15 and 2015-16. Based on the uplift we announced on 30 September of £200m in 2014-15 and £225m in 2015-16, the total MEG now grows by £106m between the two years. However, to quote that figure would not reflect the totality of the decisions that have been made and the impact that this will have on services.

As the Committee will be aware, the presentation of budget information has been a recurring theme during the scrutiny of the Draft Budget in recent years and as I highlighted during last week's debate on the Best Budget Practice inquiry, the Government has remained committed to improving our approach to budgets and to the presentation of budget information. In this context, we have had a number of useful discussions in Committee on this topic and the Government has looked to take on board the concerns and views expressed, particularly in respect of year on year changes to budgets. This information has always been available through the Action Tables but, to aid scrutiny and as part of our commitment to transparency, we have also provided Spending Programme Areas (SPA) level information in the Budget Narrative. In the Draft Budget 2015-16, this information is provided at Annex B and sets out the year on year comparison both in cash terms and real terms. I know that this is a step the Committee has welcomed.

In my response to the Finance Committee on the Best Budget Practice inquiry, I also highlighted the challenges we face in balancing the needs and requirements of our various partners and stakeholders. For this reason, we continue to provide a wide range of information that allows different users the flexibility to undertake the calculations that matter to them. This is the context in which I look to determine how we can most accurately present the decisions that we have to take, in line with our commitment to openness and transparency.

#### Social Services Funding

Turning now to the specific action points raised in Committee, we discussed the arrangements for the additional funding of £10m, which we have allocated in 2015-16 to the Local Government MEG in recognition of the pressures and demands on social services. The Committee was particularly interested in how this funding will be allocated and how it will be monitored.

The funding will be distributed to Local Authorities through the Local Government Settlement. As we discussed, the Settlement is unhypothecated and it is for Local Authorities to determine spending priorities. Given this, it is not possible to ring fence any element of the Settlement. However, as I indicated in Committee, it is possible to set out explicitly where funding has been added to the Settlement for a specific purpose and to then work with Local Authorities to ensure this funding is directed towards Welsh Government priorities.

The additional £10m has been added to the Personal Social Services (PSS) sector within the Settlement and will, therefore, be distributed on the most appropriate indicators of need, given the intended purpose of this additional funding.

This is the approach we have taken when providing funding for schools budgets at 1% above the Wales DEL, and we have monitored schools spending through dedicated annual returns. In terms of the monitoring arrangements for the additional funding for social services, expenditure will be monitored through the existing annual budget returns completed by Authorities.

#### Skills Gateway

I also offered to provide the Committee with further information on the development of the Skills Gateway.

The Skills Gateway will provide a single engagement, assessment and referral system, providing a seamless service for businesses and individuals seeking skills

support in Wales. The essence of the Skills Gateway is to assist clients (businesses and individuals) in determining need and to ensure they know how to access the right support to meet that need.

In terms of the service for individuals, the Welsh Government is in the process of agreeing contracts with Careers Wales. The value of this contract is £12m over six years, which will support up to 54,000 unemployed adults over the age of 25 in Wales. As I mentioned in Committee, of the £12m highlighted above, we have allocated £2.37m in 2015-16 within the Employment and Skills Action in the Education and Skills MEG, which is in addition to the core funding provided for Careers Wales.

The service for businesses will provide an online Skills Assessment Tool through the established Business Wales website and an integrated telephone helpline service to help businesses address skill gaps, including signposting businesses to the most suitable provision available. The Welsh Government will provide £5m for the operation and development of the programme over six years from this month, including approximately £0.75m which is also reflected in our spending plans for 2015-16 within the Employment and Skills Action.

The Deputy Minister for Skills is due to launch the Skills Gateway later this year.

#### Invest-to-Save

The Committee also requested further information on the projects supported through the Invest-to-Save Fund and I have provided further details at Annex A on the transactions which have been made by the Fund since its introduction in 2009.

The Committee also requested details of the savings generated by individual projects funded through the Invest-to-Save Fund. As I have previously indicated, our approach to assess the impact of projects is through evaluation rather than crude measures of savings and the Committee will be aware of the recent independent research on the Invest-to-Save Fund. Part of this research was the in-depth analysis of a number of Invest-to-Save projects. The table at Annex B lists the projects which were reviewed as part of the research and the savings associated with each project.

The full detail of these case studies can be found at:

<http://wales.gov.uk/statistics-and-research/invest-save-fund/?lang=en>

#### Pupil Deprivation Grant

We also discussed the additional funding we have allocated to support the Pupil Deprivation Grant (PDG) in 2015-16 and 2016-17 as part of the Budget Agreement and the ongoing evaluation of the PDG, which is being undertaken by Ipsos Mori and WISERD. The evaluation is considering how the PDG is being interpreted and implemented, and what impact it is having on pupil performance and school practice. The evaluation incorporates three main elements: a survey of 201 schools completed in spring 2014; in-depth case studies among 22 schools; and an in-depth analysis of pupil attainment and absence data from the National Pupil Database. The report is due to be published on 22 October.

## Stamp Duty Land Tax

Finally, we discussed the devolution of Stamp Duty Land Tax (SDLT), which will take place in April 2018. I am committed to consulting fully and openly on the potential options for replacing SDLT in Wales with a tax that is in line with Welsh priorities and circumstances. I will be launching a consultation on this in Spring next year, and I want the Finance Committee to be fully engaged in the process. At that time, I would be happy to attend the Committee to give evidence on our policy thinking, and for my officials to provide technical briefings as appropriate.

I hope this response is helpful.

*Beefhisher,*  
*Jane*

**Jane Hutt AC / AM**  
Y Gweinidog Cyllid a Busnes y Llywodraeth  
Minister for Finance and Government Business

## **Annex A – Invest-to-Save Projects and Transactions (since 2009)**

In presenting this information, these are a couple of points to highlight:

- each project has its own unique features which dictate the profile of investment and repayment; and
- the initial profile of repayments is set with due regard to the savings which the project is expected to generate. Repayment profiles are sometimes adjusted: repayments can be brought forward or delayed, depending for example upon the progress which the project is making. However, there is no detriment to repayment and our recovery record to date stands at 100% of the investments made.

**Table 1. Total Investments and Repayments**

	£000s								
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Future Years	Total
<b>Investments</b>	8,140	20,074	11,937	19,024	20,198	19,329	3,106	1,050	102,858
<b>Repayments</b>		-668	-8,440	-8,507	-16,661	-14,646	-22,060	-31,877	-102,859

**Table 2. Round I: Tranche 1 Projects (August 2009)**

Project	Organisation	£000s								
		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Total Out	Total In
CCTV Collaborative Working	Conwy CBC	805							805	
						-805				-805
Introduction of e-procurement	Merthyr Tydfil CBC	217							217	
						-102	-115			-217
Transactional WEB development	Newport City Council	450							450	
				-90	-90	-270				-450
One Newport Information Station	Newport City Council	700							700	
						-200	-200	-300		-700
Land & property assets	City of Cardiff	252							252	
					-52	-100	-100			-252
Improving Your Space	Bridgend CBC	1,408							1,408	
				-939	-469					-1,408
Convalescence Beds	Carmarthenshire CC	200							200	
					-200					-200
Patient Services Restructuring	Powys Teaching Local Health Board	60							60	
				-60						-60
Acute Response Team (ART)	Hywel Dda UHB	92	1,020						1,112	
				-1,112						-1,112
Electronic Web Expenses	North Wales Business Support	62							62	
			-62							-62



	Partnership									
All-Wales Public Sector Broadband Aggregation (PSBA)	Welsh Government	50	600	100					750	
					-300	-450				-750
NHS Welsh Analytical Prescribing Support Unit (WAPSU)	Welsh Government	82	270						352	
				-352						-352
Non-Emergency Patient Transport	Welsh Government	100	170	30					300	
			-10	-45	-75	-130	-40			
5-Year Service & Financial Plan	Welsh Government	500							500	
			-500							
<b>Total Round I: Tranche 1 Projects</b>	<b>Investments</b>	<b>4,978</b>	<b>2,060</b>	<b>130</b>					<b>7,168</b>	
	<b>Repayments</b>		<b>-572</b>	<b>-2,598</b>	<b>-1,186</b>	<b>-2,057</b>	<b>-455</b>	<b>-300</b>		<b>-7,168</b>

**Table 3. Round I: Tranche 2 Projects (December 2009)**

Project	Organisation	£000s								
		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Total Out	Total In
i-zone, one-stop-shop for students	Cardiff Metropolitan University	719							719	
			-96	-183	-218	-222				-719
Wrexham Energy Efficiency and Carbon Reduction	Wrexham CBC	930							930	
				-70	-215	-215	-215	-215		-930
School Modernisation Programme	Powys CC	155							155	
						-55	-100			-155
Agile Working	Flintshire CC	263							263	
				-131	-131					-263
Paperless Powys	Powys CC	375							375	
					-188	-188				-375
Fostering Spend to Save Strategy	Neath Port Talbot CBC	388							388	
				-129	-129	-130				-388
Lean Systems Review of Children and Young People's Assessment	Neath Port Talbot CBC	334							334	
				-111	-111	-112				-334
<b>Total Round I: Tranche 2 projects</b>	<b>Investments</b>	<b>3,162</b>							<b>3,162</b>	
	<b>Repayments</b>		<b>-96</b>	<b>-624</b>	<b>-992</b>	<b>-920</b>	<b>-315</b>	<b>-215</b>		<b>-3,162</b>

**Table 4. Round II: Tranche 1 Projects (February 2010)**

Project	Organisation	£000s					
		2010-11	2011-12	2012-13	2013-14	Total Out	Total In
Reconfiguration of Molecular Pathology Services	Cardiff and Vale UHB	126				126	
				-75	-51		-126
NHS All-Wales Collaborative Procurement programme to acquire adult mental health services	Abertawe Bro Morgannwg UHB	300				300	
			-100	-100	-100		-300
Electronic Medicines Management	Informing Healthcare	500				500	
			-500				-500
<b>Total Round II: Tranche 1 projects</b>	<b>Investments</b>	<b>926</b>				<b>926</b>	
	<b>Repayments</b>		<b>-600</b>	<b>-175</b>	<b>-151</b>		<b>-926</b>

**Table 5. Round II: Tranche 2 Projects (May 2010)**

Project	Organisation	£000s								
		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Future Years	Total Out	Total In
Voluntary Early Release	Abertawe Bro Morgannwg UHB	3,000							3,000	
				-1,500	-1,500					-3,000
Critical Alarm Monitoring	Bridgend CBC	225							225	
			-113	-112						-225
Implementation of service line reporting (SLR) systems within NHS to promote improved benchmarking of costs for front line services.	Cwm Taff UHB	600							600	
			-300	-300						-600
Establishing a dedicated Long-term Ventilation Transitional Care Service	Cardiff and Vale UHB	118							118	
				-118						-118
Accelerating the benefits of PSBA	Welsh Government	4,000							4,000	
			-1100	-1250	-1250	-400				-4,000
Cardiff & Vale UHB - mobile working	Cardiff and Vale UHB	343							343	
			-100	-243						-343

Hywel Dda HB - Mental Health Rehabilitation & Recovery Reconfiguration	Hywel Dda UHB	564							564	
All Wales Enhanced Recovery 1000 lives Collaborative Programme	National Leadership and Innovation Agency for Healthcare	348	221						569	
Gwent Frailty	Caerphilly CBC and Aneurin Bevan UHB	375							375	
		2,400	2,250	1,289	750				6,689	
					-1,000	-1,500	-1,500	-2,689		-6,689
<b>Total Round II: Tranche 2 projects</b>	<b>Investments</b>	<b>11,973</b>	<b>2,471</b>	<b>1,289</b>	<b>750</b>				<b>16,483</b>	
	<b>Repayments</b>		<b>-1,613</b>	<b>-4,678</b>	<b>-3,966</b>	<b>-2,037</b>	<b>-1,500</b>	<b>-2,689</b>		<b>-16,483</b>

**Table 6. Round III Projects (November 2010)**

Project	Organisation	£000s					
		2010-11	2011-12	2012-13	2013-14	Total Out	Total In
North Wales Regional Telecare Call Monitoring Service	Conwy CCBC	300				300	
			-150	-150			-300
Shared Services Arrangements for NHS Wales	Welsh Government	250				250	
				-250			-250
Wrap Around Care Provision	Wrexham CBC	106				106	
			-53	-53			-106
eTrading implementation	Welsh Government						
Mental Health CHC Placement Repatriation	Welsh Government	169				169	
				-169			-169
Connectivity for Gwent (PSBA)	Aneurin Bevan UHB	4,160				4,160	
			-2,802	-679	-679		-4,160
Non Emergency Patient Transport - 4th Pilot	Welsh Ambulance Service NHS Trust	130				130	
				-130			-130
<b>Total Round III projects</b>	<b>Investments</b>	<b>5115</b>				<b>5,115</b>	
	<b>Repayments</b>		<b>-3,005</b>	<b>-1,431</b>	<b>-679</b>		<b>-5,115</b>

**Table 7. Round IV Projects (May 2011)**

Project	Organisation	£000s							
		2011-12	2012-13	2013-14	2014-15	2015-16	Future Years	Total Out	Total In
PSBA Connectivity Tranche 3 for North Wales	PSBA and Flintshire County Council	2,000	1,000					3,000	
				-500	-500	-500	-1,500		-3,000
National Asset Working Group - Cardiff Local Service Board	City of Cardiff	34						34	
					-34				-34
National Asset Working Group - Blaenau Gwent County Borough Council	Blaenau Gwent CBC	82						82	
				-82					-82
National Asset Working Group - University Hospital Wales	University Hospital Wales	41						41	
			-14	-14	-13				-41
National Asset Working Group - Powys County Council	Powys CC	30						30	
				-30					-30
Integrated electronic NHS Web Expenses System	NHS Wales Shared Services Partnership	73	52					125	
			-31	-94					-125
Digital Dictation / Speech Recognition	Betsi Cadwaladr UHB	40	268	211				519	
				-200	-319				-519
"Greening the Garden" - PV Solar installation	National Botanical	90						90	

	Garden of Wales			-20	-20	-20	-30		-90
PSBA Connectivity (Remaining Organisations)	Public Sector Broadband Aggregation	2,000						2,000	
				-500	-500	-500	-500		-2,000
<b>Total Round IV Projects</b>	<b>Investments</b>	<b>4,390</b>	<b>1,320</b>	<b>211</b>				<b>5,921</b>	
	<b>Repayments</b>		<b>-45</b>	<b>-1,440</b>	<b>-1,386</b>	<b>1,020</b>	<b>-2,030</b>		<b>-5,922</b>



**Table 8. Round V Projects (November 2011)**

Project	Organisation					£000s			
		2011-12	2012-13	2013-14	2014-15	2015-16	Future Years	Total Out	Total In
Re-thinking Environmental Management in Wales	Welsh Government		2,549	476				3,025	
					-1,512	-1,513			-3,025
Workplace Transformation	Blaenau Gwent CBC		180	200				380	
					-200	-180			-380
Roll out Community Ward Model of Care	Hywel Dda UHB		2,270	440				2,710	
				-500	-900	-1,290	-20		-2,710
E-Rostering Implementation Including Medical Workforce	Hywel Dda UHB	69	186					255	
				-128	-127				-255
Voluntary Early Release Scheme (VERS) for NHS Wales	Welsh Government	4,877	1,523					6,400	
				-6400					-6,400
<b>Total Round V Projects</b>	<b>Investments</b>	<b>4,946</b>	<b>6,708</b>	<b>1,116</b>				<b>12,770</b>	
	<b>Repayments</b>			<b>-7,028</b>	<b>-2,739</b>	<b>-2,983</b>	<b>-20</b>		<b>-12,770</b>

**Table 9. Round VI Projects (June 2012)**

Project	Organisation	£000s					
		2012-13	2013-14	2014-15	2015-16	Total Out	Total In
"The Wyn Campaign"	Cardiff and Vale UHB	1,900	1,295			3,195	
					-3,195		-3,195
E-rostering	Aneurin Bevan UHB	240				240	
			-120	-120			-240
Medicines Management	Aneurin Bevan UHB	240	200			440	
				-440			-440
Integrated Whole System Intermediate Care Model	Cwm Taff UHB	500	1,080			1,580	
				-200	-1,380		-1,580
All-Wales contract for provision of Mental Health/ Learning Disabilities	NHS Wales Shared Services Partnership	300				300	
			-300				-300
Voluntary Early Release Scheme (VERS) for NHS Wales	Welsh Government	6,527				6,527	
				-6,527			-6,527
<b>Total Round VI Projects</b>	<b>Investments</b>	<b>9,707</b>	<b>2,575</b>			<b>12,282</b>	
	<b>Repayments</b>		<b>-420</b>	<b>-7,287</b>	<b>-4,575</b>		<b>-12,282</b>

**Table 10. Round VII Projects (January 2013)**

Project	Organisation	£000s					
		2013-14	2014-15	2015-16	Future Years	Total Out	Total In
Welsh National Procurement Service	Welsh Government	1,184	2,368	2,368		5,920	
					-5,920		-5,920
Implementing Health Roster Medics	Betsi Cadwaladr UHB	256				256	
				-256			-256
Flintshire Connects	Flintshire CC	698				698	
			-300	-398			-698
Implementation of RFID Tagging	Aneurin Bevan UHB	353				353	
			-80	-125	-148		-353
Natural Resources Wales VERS	Welsh Government	3,750				3,750	
				-2,500	-1,250		-3,750
NAWG - Collaboration and Modernisation of the County Farms Estate in Wales	Led by Powys County Council	45	45			90	
					-90		-90
Enhanced Care at home in North Wales	Betsi Cadwaladr UHB	882	1,021			1,903	
				-150	-1,753		-1,903
Digital Dictation	Hywel Dda UHB	246				246	
			-46	-120	-80		-246
Powys Asset Backed Vehicle	Powys CC	200	170			370	
					-370		-370
NHS VERs	NHS Wales	7,432				7,432	
				-7,432			-7,432
<b>Total Round VII Projects</b>							
	<b>Investments</b>	<b>15,046</b>	<b>3,604</b>	<b>2,368</b>		<b>21,018</b>	
	<b>Repayments</b>		<b>-426</b>	<b>-10,981</b>	<b>-9,611</b>		<b>-21,018</b>

**Table 11. Round VIII Projects (April 2014)**

Project	Organisation	£000s					
		2013-14	2014-15	2015-16	Future Years	Total Out	Total In
Property Asset Review - Challenging use to achieve efficiency	Vale of Glamorgan Council		50			50	
					-50		-50
Citizen Self Service Project	Wrexham CBC		200			200	
					-200		-200
Joint Emergency Control Centre, Bridgend - South Wales Fire & Rescue Service	South Wales Fire and Rescue Service	500	2,500			3,000	
					-3,000		-3,000
Exit Scheme for natural Resources Wales	Natural Resources Wales		3,000			3,000	
					-3,000		-3,000
Paperless Wrexham	Wrexham CBC		72			72	
				-18	-54		-72
Review of Staffing at Management Level	Sport Wales		197			197	
				-65	-132		-197
National Library Severance Package	National Library of Wales		500		1,000	1,500	
					-1,500		-1,500
ICT Business Modernisation Programme	CAFCASS Cymru		210			210	
					-210		-210
Digital Health Records	Aneurin Bevan UHB		700	300		1,000	
					-700		-1,000
LED Lighting for Children's Hospital	Cardiff and Vale UHB		250			250	
				-83	-167		-250
NHS Wales Sickness Absence	Abertawe Bro Morgannwg UHB		151		50	201	
					-201		-201
NHS Wales Sickness Absence	Cardiff and Vale UHB		75			75	

						-75		-75
NHS Wales Sickness Absence	Powys Teaching Health Board		24				24	
						-24		-24
NHS Wales Sickness Absence	Velindre NHS Trust		22				22	
						-22		-22
NHS Wales Sickness Absence	Wales Ambulance Service Trust		85				85	
						-85		-85
Electronic prescribing for hospital patients	Cardiff and Vale UHB		200	50			250	
				-100				-250
E-Rostering and E-Job Planning for Medical And Dental Staff	Cwm Taf UHB		131	98			229	
						-229		-229
Transitioning to Digital Records	Betsi Cadwaladr UHB		490	290			780	
						-780		-780
NHS Voluntary Early Release Scheme	Welsh Government on behalf of NHS Wales		5,748				5,748	
						-5,748		-5,748
Bed Frames and Mattress	Betsi Cadwaladr UHB		220				220	
				-220				-220
Development of Office Accommodation Strategy	Aneurin Bevan UHB		50				50	
						-50		-50
Development of the Acute Assessment Service	Cwm Taf UHB		350				350	
						-350		-350
Introduction of a Mental Health Liaison service for hospitals	Cwm Taf UHB		500				500	
						-500		-500
<b>Total Round VIII Projects</b>	<b>Investments</b>		<b>500</b>	<b>15,725</b>	<b>738</b>	<b>1,788</b>	<b>18,013</b>	
	<b>Repayments</b>				<b>-486</b>	<b>-17,527</b>		<b>-18,013</b>



## Annex B - Projects Reviewed as part of Independent Evaluation

Project	Invest-to-Save Investment	Evaluation Review Savings
Agile Working - Flintshire	£262k (plus £88k from Flintshire)	£460k per annum
Public Sector Broadband Aggregation	£4,000k	20% reduction in network connectivity costs  £1,000k efficiency saving per annum
Mental Health Rehabilitation and Recovery Reconfiguration	£564k (plus £1,436k from Hywel Dda University Health Board, Ceredigion County Council, Carmarthenshire County Council and Pembrokeshire County Council)	£541k in the first year and projected to continue
One Newport Information Station	£700k	£580k per annum property savings and service delivery savings of £139k
Our Space Cardiff	£250k (plus £3,085k from City of Cardiff)	£400k per annum savings A target of £6,750k capital receipts
Paperless Powys	£375k (plus £125k from Powys County Council)	£5,400k over a five year period
NHS Voluntary Early Release Scheme	£17,000k (plus £13,000k from NHS Wales)	£33,000k savings per annum (£18,800k attributable to Invest-to-Save)
NHS All Wales Collaborative Procurement	£300k	£1,260k savings
The Wyn Campaign: Regaining and Retaining Independence	£3,200k (plus £2,000k from City of Cardiff and Vale of Glamorgan Council)	The project was ongoing at the time of the evaluation so outcomes are not yet quantified.
Wales Enhanced Recovery After Surgery 1000 Lives Plus Collaborative Programme	£569k (plus £191k from NHS Wales)	Benefits realised as non cash releasing savings through the more efficient use of bed stays.
North Wales Regional Telecare Call Monitoring Service	£300k (plus £100k from Isle of Anglesey County Council, Gwynedd Council and Flintshire County Council)	Savings by 2014-15 of £1,460k

## Background Note

Various factors need to be taken into account in considering the level of savings achieved, including:

- whether the project would have taken place without Invest-to-Save funding as projects may have been undertaken on a smaller scale or delayed without Invest to Save funds;
- what proportion of any savings realised can be attributed directly to Invest-to-Save funding, and what proportion to investment made by the organisations themselves;
- over what timeframe we attribute savings to a project. It is not cost effective to continue monitoring the savings effects of projects several years after they have been completed, and circumstances change meaning savings may no longer be as clearly attributable to the original project; and
- other benefits delivered by projects. These may overall have a financial effect, such as allowing the deployment of staff to other areas of activity, or, they may be more qualitative impacts such as improving service delivery through more joined up working. It is very important to take these kinds of benefits, which can mean real improvements the way services are provided to citizens, into account in evaluating projects quantified or monetised.



### Information on Welsh NHS Confederation risk pool

NHS Wales has a formal approach to addressing concerns raised by patients and their representatives both through the internal arrangements for Putting Things Right and also through the more formal legal process. The NHS Wales Shared Services Partnership (NWSSP) operates a central legal team (Legal and Risk Services) which provides a dedicated professional service to all Welsh Health Boards and Trusts. Health Boards and Trusts retain financial responsibility for settling cases under delegated arrangements from the Welsh Government.

NHS Wales operates a risk pooling scheme which allows Health Boards and Trusts to seek reimbursement for amounts paid out in respect of negligence claims. A £25,000 excess is applied to each claim. The scheme is operated by the Welsh Risk Pool Service (WRPS) which is also part of NHS Wales Shared Service Partnership. In recent years and in common with other nations, NHS Wales has experienced a significant growth in the number and value of legal claims. The reasons for the increase in claims are multifactorial and it is not possible to say with certainty what the primary driver for the increase is. However it has coincided with the Legal Aid, Sentencing and Punishment of Offenders Act (LASPO) coming into effect on 1st April 2013. This legislation has reformed the funding for civil litigation and includes changes to the “no win, no fee” arrangements which allowed success fees of 100% to be charged.

The arrangements in place within Wales also consider the learning in place to reduce the risk of recurrence. Before reimbursement is made by the WRPS, Health Boards and Trusts are required to outline the key weaknesses which gave rise to the claim and outline the steps taken to reduce the risk of recurrence. All claims are considered by a Multi Disciplinary Executive led WRP Committee. Where all Wales issues are evident from claims, the WRPS may undertake themed work to support improvement in quality and safety across Wales. This involves the clinical assessment of high risk areas including those of maternity, emergency departments and the surgical pathway.

The Welsh Risk Pool Service works closely with Legal and Risk Services to undertake monthly reviews of expected financial flows associated with claims. Close dialogue is also maintained with both Directors of Finance across NHS Wales and the position is formally reported each month as part of the NHS monthly monitoring by Welsh Government, and to the wider Welsh NHS. This information also informs the three year financial plans for the WRPS. It is not currently anticipated that the value of claims settled in 2014/2015 will exceed the budget allocation for the current year. However the current projections suggest that there is likely to be an increase in the value of the claims to be settled in 2015/16.

**Following note produced by John Watkin, Chief Executive Officer of Denbighshire Voluntary Services Council following his submission of oral evidence to the Finance Committee on the 16<sup>th</sup> October 2014..**

An invitation was extended to Denbighshire Voluntary Services Council to give evidence to the Finance Committee at National Assembly Wales relating to the scrutiny of the Welsh Government Draft budget 2015-16.

1. DVSC indeed consider it an honour to be asked to give evidence to the Committee thus reinforcing its position locally in providing a voice for the Third Sector.
2. Assembly members will note that DVSC did not submit written evidence during the initial consultation stage despite inviting the 1400+ organisations on its database to respond. However when the 1400+ organisations became aware that John Watkin, CEO of DVSC was to attend in person to give evidence the responses from the third sector flowed in which highlights the perception that written submissions do not seem to attract the attention of the Assembly in the same way as submission of oral evidence.
3. In preparation for giving evidence John Watkin read the background papers including the note by Chwarae Teg as to the likelihood that the Chair at the commencement of the session may ask if we have any initial comments and if so to keep them to the top three issues. Therefore the note below is in two parts. First part relates to the top three issues which helps to focus DVSC attention on the areas that are of importance to the sector and the second part the 16 responses from the various voluntary and community organisations which in some cases their identity has been redacted. Clearly if Assembly members would wish to know the identity of such individuals or organisations then I am more than happy to contact the individuals to seek their agreement to such disclosure.

**PART ONE – Top Three issues.**

- 1. Concern that Local authorities who are subject to cuts, on average 3.4% across Wales (Denbighshire is 3.7%) will lead to reductions in the preventative services and as such demand in the community will shift from local authority to Third Sector without there being any extra funding thus putting additional pressures and greater risk on the Third Sector.**

**An example in Denbighshire being the proposed cut of £200,000 to the welfare rights unit (from £550,000 to £350,000) and such a reduction has already been acknowledged as leading to a reduced service added to which the remaining service is to be outsourced so it is unclear as to the identity of the future provider. The impact of this reduced service will mean clients turning to the Third Sector for support and many of those organisations whose assistance is sought will not be commissioned by the local authority. This will be a real pressure on the services of those third sector organisations which could potentially impact on the quality of services delivered by Third Sector.**

**Very unclear as to how Welsh Government believe that preventative services are being supported when they announce cuts to the following areas where prevention is key to effectiveness and efficiency.**

- a. £5.8 million cut in supporting people. There will be a knock on impact for Third Sector as clearly reduced resources will lead to reduced services.
- b. £2.32 million cut to Communities First a programme targeted at those communities most need in need.
- c. £4.95 million capital cut from Community Facilities Programme which for many years has helped local organisations to develop and enhance their local facilities to support local people with a highly measurable outcome in terms of independence and resilience which are two key issues for Wales as we move to encourage local communities to play a greater part in civic affairs.

## 2. How valued is the Third Sector? Are we being listened to ?

Welsh Government and National assembly regularly celebrate the effectiveness and value of third sector in the delivery of local public services and so for local third sector organisations they find it difficult to comprehend and reconcile when examining the 2015-16 draft budget based on the following examples :

- a. Welsh Government is cutting local authorities by 3.4% on average . In Denbighshire the cut is 3.7% but for DVSC who supports the third sector as detailed in the written evidence below (Part two) the cut is to be 6.9% which in the original draft budget was 4.17%. Why is DVSC being treated differently to that of the local authority.
- b. The emphasis quite rightly by WG is making sure that value for money and effectiveness are seen as key outcomes. If value for money is the key driver would we not all agree that where a provider is able to turn £1 of Welsh government money into a minimum of £3 of deliverable public service provision , that is something to be applauded and encouraged? It would appear not as Voluntary Councils in North Wales for example are being cut by 6.9% despite turning £1.3 million of WG investment into £4million – a multiplier of 3. What other sector delivers that kind of value and is a very good example of SROI (Social Return on Investment). Everyone accepts there has to be cuts but should we be really cutting those services that bring in additional income for the benefit of the community in terms of jobs and services. After all we have to remember that 80% of County Voluntary Council (CVC) grant funding from WG is taken up with staff costs – if the grant is cut then it means staff costs have to be reduced which in turn reduces the capacity of the CVC's to secure additional income through bidding for contracts, grants, service level agreements etc and so we can see quite clearly the impact of a reduction of £495,000 across Wales will have on local jobs and services – that cut will translate to a cut of at least £1.5 million (multiplier of 3)
- c. Aside from the North Wales CVC example above I give a few other examples:
  - a. Wales Cooperative securing an annual £75,000 investment for Financial inclusion and in turn securing an additional of £2 million . The extra £2million would not have happened without initial WG investment.
  - b. St Kentigern a local hospice turning every £1 Welsh Government into £4.26 of front line service for those most in need.

## 3. Need to revisit the model for delivery of public services in Wales.

Local Authorities have for years been seen as the enabler and provider of local public services and local people have been democratically elected to oversee that the public service provision is delivered effectively.

That model is now broken. There has to be an acceptance that there has to be a new way of working as we can see local authority budgets will continue to be cut for years ahead and the preventative services will suffer particularly where there is a direct conflict in the maintenance and delivery of statutory services as compared with discretionary spend.

The question has already been posed in the evidence below – Is it now accepted that third sector will be delivering non statutory services in the future on the presumption they (Third Sector) are currently effective deliverers of services and provide the greatest benefit to communities in that third sector do not operate for profit but instead reinvest any surpluses within their own community which further energises and regenerates community areas.

If Third Sector is seen as the way to support reducing local authority budgets then there should be active debate now, prescribed by legislation, that forces a change in the local mindset. Without this transformational change we will simply see local discretionary services wither on the vine and beyond saving by the time that third sector is finally invited to participate. Third Sector should be in discussions now whilst there is still some money left to deliver those specific services.

### **If I could leave one message :**

Third Sector are ready to take on the challenge for transformational change but need the support including resources from National Assembly, Welsh Government and Local Service Boards to bring about lasting and meaningful change.

### **PART TWO – Evidence from 16 individuals/ voluntary/community organisations**

1. **Response from an active Trustee/Volunteer who supports numerous voluntary and community organisations in Denbighshire and plays an active part in the affairs of the Local Authority but who is not a Councillor and is a Trustee of DVSC.**

Q1. Impact of 2014-15 budget :

-it seems to have reduced the chances of DVSC being able to renew various grants and schemes

- this includes the effect of reductions in funding to the various County Councils & the tight budget of Betsi Cadwaladr. Our finances are certainly under considerable pressure –

Q2. Concerns for 2015/16 :

- Again same pressures, but the reduction in funds for DCC coupled with cap on increasing rates means further limit likely on the 'schemes / projects' that DCC has been funding.
- Leads to reduced chances of our getting Management fee for 'running' projects

Q3. Expectations for 2015-16 :

- Highly dependent on outcome of talks uniting two / three ? County Councils and likewise CVC's. and whether changes take place without creating & leaving too much tension.
- Our reserves will inevitably be affected and redundancies could prove expensive.

Q4. - Preparation for Wales Bill :

- Our volunteer programme may well be affected if changes to Planning & Education patterns lead to problems in enabling volunteers to support local activity;
- it would be helpful if the Bill made it compulsory for County Councils to consult 3<sup>rd</sup> sector on a range of topics and to have 3<sup>rd</sup> sector members on their scrutiny committees, preferably with voting rights plus freedom to attend Council and Cabinet meetings, even if not able to vote at Cabinet.
- Health Board finances :
- Again, the ability to maintain grants / projects in which DVSC involved will come under increased pressure.
- Ability to support volunteer activity within Health Service would be affected if DVSC has to reduce its support for volunteer team.

Scrutiny of Welsh Language, equalities and sustainability :

- shortage of funds will almost inevitably make provision of material in Welsh more difficult and likewise provision of instantaneous translation at meetings etc.

**2. A response from a voluntary organisation who in the main support people in the community over the age of 50.**

My point would be general in that, preventative measures are being encouraged by WG, but it is often the 'softer' end of the wedge which is being squeezed- ie although we are to be funded for our advocacy services for older people by local gov in CCC and DCC, the remit is now over 65s who are in receipt of care services-! The point I made with commissioners is that we need to work with the 50 plus people in order for them to not end up in receipt of services!!! So the squeeze to only fund vital services is not infact leaving much room for preventative services.

The closure of the Welfare Benefits unit at DCC will impact us in terms of more referrals to us, but we still have no gov funding to provide the service as WG all Wales bids seem to be going to the big providers, or consortias, some of which are in competition.

Health board funds are increasingly hard to secure, with paperwork and deadlines being silly in most cases..

Also the WG fund given to XXXX ( the one which I complained to you about) is not administered in a supportive fashion- unlike many of the other grant making bodies, who are actively encouraging bids to look and be the best.

I do find there is also a lot of ‘ gibbing’ about full costs recovery from local government funders **who still don’t seem to understand that the third sector need an infrastructure in order to run projects- there almost seems to be an active resistance to overheads/ line management as luxuries!**

**3. A response from a local volunteer /Trustee in response to my email to the individual asking if they had a cunning plan for the future**

Cunning plan? How many do you want John?

Cunning plan A.) – make elected members work harder by being involved in volunteer groups and ATTEND MEETINGS to earn their vast money.

I did.

Cunning Plan B.) Since budgets are set in the confines of WG committees, where are they publicised? In what media – Daily Post in North Wales to show how little is spent up here, in the local papers or is it only sent to AM`s? And we need it in simple form please, none of the higher than eyebrow language for plebs like me.

Cunning Plan C.) Headlines in papers to include `Volunteers to be rewarded expenses`, `Direct Rail and Road communications North to South so that news and money might travel faster up to North Wales.` and finally `Denbighshire Councillors have accepted a lower settlement for their allowance in a bid to lead other councils to do the same to reduce county expenses.`

Cunning Plan D.) As repeat Plan C.) but change to Officer of DCC. And AM`s.....

How do my remarks sit with you John?

I adjust my low income accordingly. Ie. Just made my evening meal to last 3 nights using 8oz mince with plenty of mixed chopped vegetables with jacket potato. That`s how the rich live. Tell that to the elected members who have just added £24 to our rates by their cunning plan to charge for our green bins.

Best wishes

(I`ll take my boxing gloves off now,)

**4. A response from again another very active volunteer and Trustee who a few years ago owned and operated a highly successful , profitable business employing many local people.**

Main issues that must be discussed include:-

1. Decent housing to improve lives which leads to healthier population; less illness = lower NHS costs.

2. Good education and better maintenance of school buildings though I believe DCC school teachers already have high standards except that talking to XX High School teachers, the intake is too great for the school to cope with.
3. Provision of employment from school leavers to students leaving university/college with more emphasis on vocational courses rather those chosen on a whim. More plumbers, electricians, builders, caterers, shorthand / typists even though whiz kids of today can sometimes only work on a laptop. Office skills are over looked as well as people skills.
4. Care in the Community for elderly on their own must be better organised and social workers and health officials to liaise better so that patients are not sent home to an empty house with no back-up which often happens if family members are not nearby insisting that things are organised. Working family are not available daytime for care to be given.
5. NHS is failing to cope with demands both in A&E, bed management and sufficient nurses. Funds are misappropriated by using `Bank` staff who are either not trained well, do not fit in well with ward systems and cannot understand their patients` needs since they are only on the ward briefly. It costs twice as much to hire `Bank` staff and is a false economy not to employ permanent nurses who will be covered by sick pay, maternity pay, retirement pension and holiday pay. But the system works far better with happy staff.
6. Police need more bobbies on the feet. Better communication with Joe Public and drug trafficking. End of.

There are many other issues but I think these are the main ones that everyone cares about. Naturally, volunteers keep the country above water and therefore funding for that sector to be patrolled must be made available. Wages permitting.

5. **A response from a local voluntary organisation illustrating the impact that DVSC made in the relocation of a popular young peoples project .**

Dear John

In reply to your e-mail requesting evidence for the National Assembly for Wales Finance Committee. Below is an example of the hidden value of Denbighshire Voluntary Services Council and the use of Welsh Government funding to make a difference, providing value for money and outcomes.

John Watkin, Denbighshire Voluntary Services Council, Chief Executive approached Denbigh Youth Project with a proposal for consideration. Discussion centered on:

- To move premises, identify, a suitable disused building located in an area of disadvantage in the community of Upper Denbigh, with key priorities, to contribute to the regeneration and economic sustainability of the community and to help build enterprising communities by taking on and developing community assets that can provide solutions to the challenges they face.
- To improve partnership working between the public sector, the third sector and others.

DVSC supported Denbigh Youth Project in developing the structures to help enable this to happen, key people to involve and the formation of a steering group. As the project started to develop, membership increased into a larger more strategic group, made up of key stakeholders.

HWB Dinbich, a £2.2 million building was completed this summer 2014, is a major regeneration project for the town of Denbigh and a great example of what collaboration can achieve, a unique cross sector partnership project with a clear vision to increase employment, enterprise and further learning opportunities and supported housing for young people in Denbigh and the wider community.

The key partners are Grwp Cyfnefin, Denbighshire County Council, Grwp Llandrillo Menai and Denbigh Youth Project, and it is this unique partnership that provides a 'stairway' for young people and training, volunteering and employment opportunities within a supported environment.

- 6. A response from a local voluntary organisation who has embraced the collaboration model and has led a local consortia in the delivery of a Families First contract proving that Third Sector do adapt to change – successfully**

Dear John,

Denbigh Youth Project is a provider of services under the Youth Support element of the Welsh Government Families First programme. The consortia type approach is working very successfully, achieving all targets and intended outcomes. This collaborative partnership approach is an example of how working together benefits families and young people living in Denbighshire.

- 7. A response from a Trustee that is active not only in Denbighshire but nationally.**

The questions seem like those they gave local government a few years ago when they knew there would be no overall agreement. Surprisingly, there was a concession that they would give indicative funding for 3 years but I'm not sure how successful that was.

My view is not to pull any punches. Their strategy should be to support and enhance the voluntary sector because it's the cheapest way to provide services locally. They've spent an awful lot of capital and revenue on assisted living etc but that's only for a small number and does not give a range of services to elderly etc.

Q 1. The impact has been a reduction in local services and an inordinate amount of time spent in dismantling services which do make a difference.



Q 2. More of the same but the WG must be vigilant in ensuring scarce resources are targeted effectively.

Q 3 None. The organisation will react but will not be able to plan for the future.

Q 4 Doom and gloom whichever horse you pick.

**8. Response from Wales Cooperative with whom DVSC have an ongoing and active partnership**

The Wales Co-operative Centre runs the Financial Inclusion Champions Project with funding from the Welsh Government. The amount is currently £75k per year. The Wales Co-operative Centre has itself provided a proportion of the funding for the project from a limited earmarked reserve. One of the objectives of the project is to lever further resources into financial inclusion work. Since the project started we have secured over £2 million of investment. More than half of this was cash. This included substantial grants from the Oak Foundation and Comic Relief to support work with vulnerable, hard to reach, private sector tenants.

**9. Response from a concerned individual who runs a social enterprise supporting people in a variety of ways .**

**PRIVATE AND CONFIDENTIAL**

John,

I will take a look and get back to you. However, although it is not positive, one question I should like to ask is around the issue of the Third Sector **voice being heard**.

One only has to look at the outcome of the communities first cluster to see that although the community said they wanted DVSC to run this the WG totally ignored the voice of the people and appointed the CoOp.

It seems to be that WG listen to the voice of the people when the voice of the people agrees with what WG wanted in the first place.

May be as I get older I get more sceptical 😊

All the best for the weekend.

**10. Response from a local activist volunteer who in recent years was honoured for their massive contribution to local community engagement/participation**

Dear John, you can repeat anything I mention because its the truth. Without the assistance from the DVSC, volunteers like myself would not be able to continue.

I have quite received a lot of assistance from Tom Kilbourn Digital Inclusion Officer, I also gain support from Joanne Williamson who is really good with sorting out problems with funding, how to go about sorting out problems with our local authority, first aid, all policies, Health and Safety. We also have Gerry Frobisher who works with groups like ours to engage with our youth. The community Development Agency is also a place that volunteers use on a regular basis, and without the support of Doreen Jones and Ann Weir we would not be able to produce all the documents, flyers, posters and tickets for our events which are always free of charge to the community.

Without the support of the DVSC large volunteer groups like ours would not be able to continue.

**11. Response from a local Trustee actively supporting a varied number of organisations and which are not exclusively in the Health and Social Care setting**

WAG has been putting forward the Third Sector as the answer to its Economic woes, and now penalises them with punitive cuts ,as against their own departments. They want more and more from a reticent population ,whilst keeping the public sectors from cutting continued wastage's under their control. This is evidenced by the increased cuts in funding recently announced. When will they realise, that to get better results they needed to invest to gain future benefits and not cut cut cut. As an example the 2015 Health ,social care and well being Act enshrines more for less, but unless they get more support, which they expect ,now from a squeezed third sector, how can this ever happen without the initial investment and encouragement to the Third sector it needs. "When will they wake up and smell the coffee ". I am sorry to vent some anger on this point, but, I hope it can help in some way.

**12. Response from a neighbouring third sector organisation.**

1. How does the WG expect Third Sector organisation to take up the increasing demand from individuals and community organisations with diminishing financial resources to Local Government resulting in closure of non statutory services with an expectation that community organisations will take one service.
2. As the key funder to the LA's why can't WG impose specific conditions to ensure that there are appropriate discussions with the community and Third Sector to establish in advance if there is any capacity to cope with increased demands?
3. Does the NAFW accept that society will only receive statutory services in the future from Local Authorities and any non statutory and preventative services will only be provided by the Third Sector who will need financial resources to provide the service that are key to the lives of people in Wales,

**13. Response from a neighbouring third sector organisation.**

I think one of the main things which needs emphasis is the fact that there is likely to be extensive pressure on third sector orgs in terms of public service delivery outsourcing opportunities. Funding needs to be maintained within the third sector to provide

continued support to enable this to happen. If anything it needs **increasing** in order to enable support which will produce public sector delivery opportunities within the third sector.

Investment needs to be at a grass roots level – i.e organisations who are providing grass roots support (i.e. CVCs) rather than ongoing support for intermediary national bodies (WCVA ) who really have no grass roots connections at all.

I'll probably think of more but this is starters !!

#### **14. A response from a staff member of an active voluntary organisation in Denbighshire- Consultation questions**

**1.** What, in your opinion, has been the impact of the Welsh Government's 2014-15 budget?

- Reduced hours and income for staff. Double edged sword as the cost of living and transport has increased.
- More volunteers required to undertake service provision as a result of staff redundancy. Volunteers can only provide a small percentage of the service provision that previously was provided by members of staff. Increased pressure on remaining members of staff as there is a presumption that all services will continue to be delivered at the same rate across the same geographical area. This is highly unrealistic.

**2.** Looking at the indicative budget allocations for 2015-16, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

- Yes, for the third sector, which is already delivering services with limited resources there is a significant possibility that staff and volunteers will become more sceptical and demoralised if support is not provided. Continually being reminded that third sector organisations need to 'become more business like' and financially sustainable' is fine, however, there has to be a period of adjustment to change, sufficient support to enable this from either private sector business mentors, or from the adoption of different delivery models including collaborative delivery with the public and private sectors. This change requires scrupulous forward planning and buy in from all partners to provide excellent service delivery to beneficiaries of the third sector.

**3.** What expectations do you have of the 2015-16 draft budget proposals? How financially prepared is your organisation for the 2015-16 financial year, and how robust is your ability to plan for future years?

- More detailed information is required on the draft budget.
- More opportunity for collective discussion on this topic across the third sector in Denbighshire would ascertain the impact that it would have on the third sector.
- 2015-16 budget will inevitably lead to further cuts in third sector service provision. It is difficult to find additional funding to provide core

services as opposed to front line delivery services and therefore without the development of project delivery I see the Third Sector infrastructure organisations contracting in size as a result of the 2015-16 budget especially with the inevitable mergers to mirror Local Government reorganisation.

- Third Sector infrastructure organisations have always provided robust budgetary plans as required by WG, 2015-16 will be the same.

4. The Committee are would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?

- Preparation for the Wales Bill **minimum expenditure on this**
- Local health board financial arrangements **keep funding to the front line service delivery**
- Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early) **Good idea.**
- Impact of the Welsh Government's legislative programme and whether its implementation is sufficiently resourced **-funding to go to front line services**
- Scrutiny of Welsh language, equalities and sustainability . **prefer funding to go direct to supporting the delivery of services bi-lingually**

Disclosure of Information - **keep resource to this to a minimum in preference to front line service provision**

#### **15. response below from a local charity supporting people with chronic conditions**

Good morning John,  
Sorry for the late reply. I know the XXX Association has had to lay off staff because of lack of funding. It is ironic in this time of the Big Society that charities have lost volunteers because they are unable to pay travelling expenses.

16. A response below from the Local Authority in Denbighshire with whom DVSC has an ongoing dialogue

Dear John

Thank you for the opportunity to provide you with some information prior to your attendance at the National Assembly for Wales Finance Committee this week. I hope that the following broad responses will be of some use to you.

I have attempted to respond in accordance with the four questions that were included in the email sent to you from the Assembly Committee Chair.

**1. What, in your opinion, has been the impact of the Welsh Government's 2014-15 budget?**

The main issue we have with the current budget is the in year cuts that have been imposed by Welsh Government to specific grants in particular. These amount to about £4.4m in total and they are largely to do with education support and the supporting people grant. Clearly dealing with unforeseen in year cuts of this nature does place considerable pressure on the authority, especially as we have submitted plans to spend in accordance with what we deemed to be the level of grant funding received by Denbighshire. I will return to this issue of specific grant in answer to question 4 below, in so far as it may affect us in following years.

**2. Looking at the indicative budget allocations for 2015-16, do you have any concerns from a strategic, overarching perspective, or about any specific areas?**

The Council was expecting the cut to the 2015-16 budget to be in the region of 1.5% as advised by Welsh Government initially. However the then Local Government Minister, Lesley Griffiths announced in July that the cut was likely to be more in the region of 4.5%. It has materialised last week that the level of cuts to Denbighshire County Council is now at 3.7%, over double the amount that we had previously envisaged. This level of reduction does lead us inevitably to consider cutting front line services, a situation that we have largely been able to avoid in the past. The other key issue is the Welsh Government policy on protecting education and social services funding. Whilst in principle I would support such protection by virtue of the fact that these two areas are the biggest budget areas for Local Government, but by cutting 3.7% from the remainder of the Council budget which is around 40% of the overall budget clearly has a very detrimental effect on services such as Environmental Services and Leisure etc. The indicative budget also proposes cuts of around 9% to specific grants. These are largely education and social services grants, and dealing with such a large cut on top of the in year cuts referred to in Question 1 does lead to additional pressures on our budget.

**3. What expectations do you have of the 2015-16 draft budget proposals? How financially prepared is your organisation for the 2015-16 financial year, and how robust is your ability to plan for future years?**

Members have been working hard with Officers in Denbighshire to look at every single budget heading within all our services, a process that we have entitled Freedom & Flexibilities. This has enabled members to make better informed decisions about any proposed reductions to service areas. Whilst the process is extremely difficult to manage and will lead to cuts in front line service areas, I believe that the Council is engaged in a robust process. Our ability to plan robustly for future years is heavily dependent on receiving good quality information from Welsh Government at an early stage, something that we have not received this year, as we were unaware of the level of cuts and the issue around specific grants referred to above.

**4. The Committee are would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on the areas identified below?**

The issue around preventative services is a very valid point to raise as we will undoubtedly be making cuts to preventative services, examples of which are Leisure Services, Education Psychology Service, Education Social Work Service and Support Services within Social Services and Benefits. These will undoubtedly lead to pressures on statutory services either within the Council, or particularly so within the Health Service. It is likely that making such cuts will lead to pressures elsewhere on the public service purse. I would also like to stress that the issue of County Council mergers and efficiencies that will stem from such processes are unlikely to help us in the short term. As you will be aware even with voluntary mergers it is unlikely that such mergers will not take place until 2018, and with forced mergers not until 2020. Any efficiencies stemming from such mergers are therefore at least six years away. The cost of such mergers have also not been calculated properly by Welsh Government,

and therefore that is likely to be an impediment to the merger process. It is also important to note that Welsh Government must be prepared for a decline in performance in some areas, as not all the indicators and targets that are currently in place can feasibly be achieved with such a reduction in resources.

I hope that this response will be of some assistance to you in your preparation to the committee meeting on the 16th October. Please do not hesitate to contact me if you wish to discuss any of these points in greater detail.

**17. Response from an active Trustee/Volunteer who has over many years advocated greater investment in the rural areas against a backdrop of young people moving away from the rural areas to find work added to which the older population being socially isolated as local public services are reduced or even completely cut**

Rural poverty. Very concerning to see insufficient resources being invested in the rural areas which in turn perpetuates the rural poverty agenda. Whilst the Rural Development programme (RDP) does go some way to help, the fact is that revenue investment is required in greater amounts rather than just the current regime of investing in capital projects which of late have tended to be projects that Local Authorities have been unable to fund from other sources and so the RDP has proved to very attractive in bridging the gap. In future I would hope to see greater community participation rather than the tokenistic community consultation that has taken place to date with regard to the forthcoming funding early next year. By taking the funding to a sub regional level marginalises local community organisations from accessing funding and being supported by the local County infrastructure. The comment being that "big is not beautiful" is apt in the sense whilst the decision makers may perceive a saving in the costs base by moving sub regional and thus achieving economies of scale the costs associated by marginalising local communities by moving decision making away from them will in time prove to be the undoing of the RDP or whatever term the new programme is known as. In other areas of WG activity there is a big emphasis on locality and local involvement / decision making. Clearly the recent RDP consultation was not a good example of being "close to the community 24/7", rather it was a good example of being close to the community for Thursday evening for one day in September followed by three other similar sessions elsewhere. Not a great advert for funders.

Below are the excerpts of Llamau's statistics referred to by Sam Austin when she gave evidence to the Committee on the 22 October 2014.

**94% positive outcomes overall.**

**Distance Travelled Against Key Support Issues**

71% of people with a substance misuse problem showed improvement or ceased use

80% of people with a mental health issue recorded improvement and better management of their mental health

87% of people supported stated improved confidence in and better management of money and finances

83% of people supported stated improved confidence in and better management of their tenancy

84% of people supported stated improved confidence in being able to gain W/T/E and 'meaningful use of time'

78% of people supported stated improved motivation and more confidence in taking responsibility for their actions

76% of people supported who had a history of offending reduced or ceased their offending behaviour

83% of people supported stated improved confidence in their independent living skills

80% of people supported stated improved family relationships and social networks

**Stats around from our research with Cardiff University around mental health and young people who are homeless. Of those interviewed:**

86% met the criteria for a current mental health condition

93% met the criteria for a lifetime psychiatric disorder

80% met the diagnosis for 2 or more current psychiatric conditions

**Cost savings to the public purse:**

Costs £325 per week per family for B&B accommodation and around £13k per year per young person in B&B

£28k per year per offender is the average annual cost of prison

NHS costs for someone who needs crisis and long terms use of NHS costs between £141 and £420 per person per day or an average of £14k per person per year.

## **Council tax support**

### ***To understand how the Council Tax Reduction Scheme will be funded***

What are the views of local government on the levels of funding provided by the Welsh Government in support of the Council Tax Reduction Schemes (CTRS)?

The Welsh Government provided additional funding of £22m for the CTRS to make up the shortfall that was passported through with £222m from the UK Government. This was entirely consistent with the wishes of the WLGA, SOLACE and other practitioner groups. The latest annual report shows the scheme cost £247m which leaves local government to pick up the tab on around £3m. The report shows that caseload is falling off slightly. However it is unlikely that this continued trend will be enough to compensate for the cost inflation that will arise as consequence of increasing council taxes. As last year's evidence to the Finance Committee showed, around a third of council tax increases will be swallowed up by the CTRS. At some point it will become unsustainable.

To what degree will local government be able to fund CTRS if the Welsh Government support ceases?

For support to cease the WG would have to reduce the £244m that is currently in the settlement. As stated above there are other ways for the scheme to become unsustainable. Should such a situation materialise then WG and LG may have to consider making it more affordable by limiting entitlement – as originally envisaged by WG at a 90% level – or seeking alternative sources of funding by tweaking or dispensing with other exemptions such as the Single Person Discount. Such an approach was considered by WG-commissioned work by the Institute of Fiscal Studies.

## **Setting of fees and charges, and the use of reserves**

### ***To identify which services may be subject to fees and charges***

Which services are most likely to be the subject of fees and charges by local authorities in the future and is this supported by the results of public consultation and engagement?

Budget consultation continues to improve and is now more important than ever in setting priorities as well as testing out council tax increases and charging proposals. The WG recently published good practice in budget processes, setting out the approaches a number of councils are taking. The most likely areas for charging are already appearing in the media, so areas like school transport for some pupils, garden waste and day care services have been highlighted. It is likely that higher charges would be sought for some non-statutory services like sports



and leisure facilities that often compete with the private sector. Charging is a likely strategy for services transferred to trusts.

Although there will be local variation, can you assess what the likely impact on demand will be if fees and charges are increased?

It will decrease, it is a cast iron law of economics.

Could you explain and provide examples of how reserves are used to maintain existing services?

Reserves should not be used to finance day to day expenditure on services and any Section 151 officer who did would be in breach of their statutory obligations. The majority of 'usable' reserves are earmarked for specific one-off liabilities. Much of these are capital related programmes such as 21 Century Schools, asset renewals and invest-to-save initiatives. The best guide to local authority reserves is a WAO publication from 2011.

## **Preparation for the Wales Bill**

### ***To understand the financial impact of the Wales Bill on Local Government budgets***

WLGA's consultation response notes that the devolution of tax powers under the Wales Bill could increase the volatility in the Welsh Government's budget. How significant could this problem be for local government?

It could, but on reflection this assertion may be overstated in terms of the balance of funding of between the tax take and the grant funding from the UK government.

Could local authorities provide an efficient option for administering the collection of devolved taxes?

They could and I'm sure the WLGA could make a sound case for keeping the income too. Local government revenues teams are efficient and effective. The latest Statistical Bulletin shows council tax collection rates at the highest level since the tax was introduced and the highest for UK unitary authorities. Benchmarking by CIPFA shows the costs around two thirds of English costs. In a recent paper to the IWA, Gerry Holtham made a case for local authorities to collect devolved taxes.

The case for centralised tax collection is less convincing. Recently published data on HMRC 'tax gaps' show a widening chasm between what should be collected and what is nationally. Last year the LGA calculated that if HMRC were as effective at collecting national taxes as local government was at collecting local taxes then the exchequer would be better off to the tune of £20bn. HMRC contend that the tax gap is not the same as a collection rate.



**Y Pwyllgor Menter a Busnes  
Enterprise and Business Committee**

Edwina Hart AM  
Minister for Economy, Science and Transport  
Welsh Government

23 October 2014

Dear Minister,

**Welsh Government Draft Budget Proposals 2015–16**

Thank you for attending the meeting of the Enterprise and Business Committee on 16 October as part of our scrutiny of the draft budget proposals for 2015–16 and providing the information we requested for this meeting in our letter of 24 July. We were pleased to see the detail on individual budget expenditure lines in Annex A, which greatly facilitates our work, along with the six-monthly update in Annex C, which you agreed to provide during last year's discussion on the budget.

As in previous years, the Committee has focused its scrutiny on prioritisation and value for money. These elements of the budget are particularly important in the context of the substantial reductions being made in some areas. We make a number of recommendations below and ask that you respond to the Committee on these points.

Bae Caerdydd  
Cardiff Bay  
CF99 1NA

This letter is being copied to the Chair of the Finance Committee and, along with your reply, will be published on our website.

### **Revenue Reductions to the Economy and Science Budget**

Aside from the loss of the UK budget consequential that supported business rate schemes, a further £16.5 million of economy and science revenue reductions are identifiable in your paper. When asked how you had prioritised your commitments in terms of these reductions, you told the Committee that you had tried to protect funding streams relating to employment and tackling poverty.

**1. You offered to provide a note on how you are seeking to maximise use of EU structural funds and private investment to reduce the burden on your departmental budget.**

The revenue allocations for economy and science in 2015–16 show a net **reduction of £27.4 million** on the 2014–15 supplementary budget baseline. This amounts to a **decrease** of 25.3% in real terms. Part of this reduction is accounted for by the £17.4 million the Welsh Government received in 2014–15 as a UK budget consequential to support business rates schemes, which increased the budget for that year only. However your paper identified a further £16.5 million of reductions in the economy and science revenue allocations (owing to a baseline reduction of £8.144 million identified in the indicative plans for 2015–16) and a further baseline reduction of £8.4 million in 2015–16 ‘as a result of a prioritisation of portfolio budgets across Welsh Government’.

You told Committee about some of the savings that you had found in order to make these cuts—for example, a reduction of £500,000 in the ‘running costs’ of Finance Wales.

**2. We would like to know more about the mechanisms your department use to identify savings in a systematic way on an ongoing basis. We would also like a note that shows precisely how the £16.5 million reduction in the economy and science revenue allocations has been achieved, and identifies whether the reductions have been achieved through efficiency savings or reductions in funding. We would also be interested in your assessment as to whether any of the current savings could have been made earlier.**

### **Wales Economic Growth Fund**

You mentioned the Wales Economic Growth Fund, which has seen its budget reduced to zero despite the fact that it was designed to help create jobs and tackle poverty. You told the Committee that, for any future programmes in these areas, you would ask for central funding for specific businesses. You also mentioned that you had undertaken a review of the Wales Economic Growth Fund.

**3. We would appreciate further information on the extent of support that might be available from the centre for projects that might previously have been funded through the Wales Economic Growth Fund. We would also like to receive a copy of the review that you have undertaken of the Wales Economic Growth Fund.**

### **City Regions and Enterprise Zones**

We asked you about the allocations that had been made to City Regions and Enterprise Zones and how you assessed their effectiveness.

**4. We look forward to the information that you committed to provide on the projects and expenditure to date within each of the Enterprise Zones, and request that you look at ways to present data on the performance and achievements of each Zone, in order to facilitate scrutiny.**

### **Tourism and Major Events**

We welcome your commitment to maintain the capital allocation of £2 million for tourism and note that the stakeholders we spoke to as part of our tourism inquiry found the Tourism Investment Support Scheme very useful. We also note that your budget for 2015–16 shows reduced revenue allocation for major events, ‘in line with spending priorities’.

**5. You have agreed to provide the Committee with a breakdown of tourism projects that have been supported through TISS, in addition to those funded through other capital schemes. You also offered to provide a list of major events supported across Wales with details of their economic impact, including specifically the economic impact on Welsh businesses.**

### **Broadband**

The origin of the additional £10 million capital funding for Superfast Cymru remains unclear. You explained that £12 million had come from the UK Government, match-funded by the EU, towards ‘infill phase 1’ of Broadband Delivery UK.

**6. The Committee would like clarification as to whether the £10 million of capital funding allocated to Superfast Cymru in 2015–16 is a change to the level of Welsh Government funding announced when the contract was awarded to BT in 2012. The Committee would also like further detail of the**

**funding allocated to and outcomes expected from the infill phase 1 project, the Welsh Government review of Superfast Cymru and the independent review of the work of Broadband Delivery UK. We would be interested in information about how broadband infrastructure schemes in Wales are linked to Enterprise Zones and inward investment.**

### **Transport**

The Committee notes that the preparation of the National Transport Plan is out of sync with the budget process, transport budget allocations having been made before the plan is complete. We also remain unsure how the Plan is evaluated in terms of its contribution to Programme for Government and Wales Transport Strategy objectives, as opposed to the assessment of individual projects and their impact.

**7. We would like more information on how the National Transport Plan links with the budget-setting process and how the plan as a whole is evaluated in terms of its impact on the Wales Transport Strategy and Programme for Government. In addition, you have already agreed to send the Committee a copy of a report by the Public Policy Institute for Wales on approaches to strategic transport planning.**

You told us about savings of between £3 million and £4 million that you had made in the road maintenance budget as a result of changing the inspection regime.

**8. It would be useful if you could share with the Committee details of the savings made in the road maintenance budget as a result of inspection regime changes, including the nature of the changes and how this has generated the savings you referred to.**

We note that Welsh Government guidance requires local authorities to give estimated costs and sources of funding for projects included in their Local Transport Plans. However, you indicated that this would not be practical in the National Transport Plan.

**9. We would like a further explanation as to why it is impractical for the Welsh Government to provide estimated costs for projects under the National Transport Plan given that local authorities are asked to do so.**

You agreed to clarify which budget would make provision for the costs of any legal challenge related to the M4 relief road. We look forward to that information but remain concerned about several other issues. When we wrote to you during the summer we asked that you provide details of any allocations in the draft budget for the M4 project around Newport. You explained at the meeting that £7 million of capital funding had been allocated to the M4 project for 2015–16, but this information was not in your paper. Given its scale and importance, we would also like more detail on your assessment of the long-term affordability of the project. We understand that you may have to work with the Minister for Finance to provide this information.

**10. The Committee would like further information on how the M4 project will be funded and the basis on which you consider it to be affordable.**

On the Active Travel (Wales) Act 2013, your paper refers to a role for the Minister for Natural Resources, but during the meeting you indicated that responsibility for this falls within your portfolio.

**11. The Committee would like clarification of your role and that of the Minister for Natural Resources as regards the Active Travel (Wales) Act 2013.**

Thank you once again for assisting the Committee in its scrutiny of the draft budget for 2015–16. We look forward to your response to the points raised in this letter.

Yours sincerely,

A handwritten signature in black ink that reads "William Graham". The signature is written in a cursive style with a large, looping initial 'W'.

William Graham AM, Chair, Enterprise and Business Committee

cc Jocelyn Davies AM, Chair, Finance Committee



**Y Pwyllgor Menter a Busnes  
Enterprise and Business Committee**

Cynulliad  
Cenedlaethol  
Cymru  
National  
Assembly for  
Wales



Huw Lewis AM  
Minister for Education and Skills  
Welsh Government

21 October 2014

Dear Minister

**Welsh Government Draft Budget Proposals 2015–16**

Thank you for attending the Enterprise and Business Committee meeting on 16 October and responding to the requests set out in my letter to you dated 24 July 2014 for information on preventative spending, key policies, prioritisation of Programme for Government commitments and provision for legislation.

The main focus of our budget scrutiny this year has been on budget prioritisation and value for money. Our scrutiny has also concentrated on whether your policies have contributed to achieving your three cross-cutting themes of jobs and growth, educational attainment, and supporting children, families and deprived communities.

The Committee has made a number of recommendations for your considered response.

We are also sending this letter to the Chair of the Finance Committee to inform that Committee's overarching strategic scrutiny of the Draft Budget. Both this letter and your response will be published on our website.

## **Committee's remit – Further Education**

On a point of clarification it is worth noting that Further Education sits primarily within the remit of the Children, Young People and Education Committee, which has responsibility for scrutinising 14–19 learning. However, skills, vocational qualifications, adult community learning, and work based learning are all within the Enterprise and Business Committee's remit. Further Education is therefore relevant to this Committee's scrutiny in terms of its relationship with the skills agenda and the economy.

**1. As the Further Education colleges are a key provider of work based learning the Committee would like further details about the impact that decreases in funding will have on the capacity of Further Education colleges to provide vocational courses.**

**2. We note from the Welsh Government Strategic Integrated Impact Assessment that learners aged 19+ will be more adversely affected than 16–18 year olds. The Committee has some concerns about the potential impact on the economy in Wales and the skills agenda and urges the Welsh Government to continue to consider the implications of its prioritisation of available funds.**

## **Apprenticeships**

In light of the decrease in funding for apprenticeships, the Deputy Minister and her officials estimated that the number of apprenticeship new starts will fall to a level of 17,000–19,000, from a peak of 28,000 in the academic year 2012/13. Concerns had been expressed from the National Training Federation Wales (NTfW) that new starts would fall by more than the Deputy Minister's estimated figure, but the Deputy Minister stated that the £5 million additional funds should make the estimate achievable.

3. We would like assurances that the Deputy Minister's figure of 17,000–19,000 new starts for 2015/16 has been accurately estimated and we seek clarification on how this figure will be monitored going forward.

4. The peak of 28,000 new starts recorded in the 2012/13 academic year far exceeds the number of new starts recorded in any other academic year since the apprenticeship scheme began. We would like clarification on whether a sustainable development appraisal was undertaken prior to the implementation of the Welsh Government's Apprenticeship scheme.

5. We would also like clarification on whether there is a contingency for additional funds if the estimated figure for new starts is not met in the 2014/15 or 2015/16 academic years.

6. We would like a breakdown of the estimated new starts for 2015/16 into the respective priority areas (Higher Apprenticeships and 16–24 year olds) and non–priority areas by sector.

### Equality

We are concerned with the likely negative effects of the budget proposals on apprenticeships for those aged over 25 years, especially for female learners.

The Deputy Minister said that an equality impact assessment had been undertaken to evaluate the effects of the decrease in funding for apprenticeships in 2015–16. This assessment showed some gender equalisation in traditionally female dominated non–priority apprenticeships had occurred. However, there was little evidence to show any gender equalisation in traditionally male dominated non–priority apprenticeships.

**7. We would like further details on how you propose to monitor and evaluate the impact of the budget proposals on the over 25 years of age cohort and the potential gender inequalities.**

### **Jobs Growth Wales**

The 2015–16 draft budget shows a decrease in funding for Jobs Growth Wales to £9.3 million. Your paper states that this will result in 15% or 600 fewer opportunities in 2015–16, although the Welsh Government target of providing 16,000 opportunities over 4 years has been met. During the budget scrutiny session the Deputy Minister said that the decrease in funding would result in fewer starts in 2015–16 and suggested some of these will be in-year (2014–15).

The Deputy Minister said in her evidence:

“we believe that the in-year cuts will cause around 1,000 fewer starts and around 600 otherwise; so, around 1,500 or 1,600.”

**8. We would like clarification on the estimated number of fewer starts; how many of these are in-year 2014–15 and how many will be in 2015–16.**

**9. The Committee is interested in how the reduction in the number of opportunities will be applied to the different elements of the programme. We would also like a breakdown of the estimated number of fewer opportunities into the respective private sector, third sector, self-employment and graduate strands and clarification on whether any of these strands have been prioritised in the 2015–16 funding.**

**10. In addition, have any particular industry sectors been prioritised in terms of creating Jobs Growth Wales opportunities?**

## European Funding

The Deputy Minister said that discussions have been held with the Welsh European Funding Office (WEFO) and that they agreed to an increase in intervention rates that will lever in more money from European Structural Funds than would have otherwise been the case. The Deputy Minister said that a large scale review of European Social Fund projects had been undertaken which resulted in a refocusing of funds on certain projects.

**11. The Deputy Minister agreed to provide further information on the potential for improved intervention rates that were re-negotiated with WEFO and we would also welcome further information on how European funds have been used to achieve greater value for money following the review of European Social Fund projects.**

## Work Based Learning in the Social Care sector

The Committee wishes to highlight the importance of developing the social care workforce and attracting young people in particular to work in the sector. The Committee is aware of action being undertaken in respect of co-investment between government and employers into post-19 skills and training but believes the 16 to 18 age group should also be targeted for Work Based Learning and apprenticeships in the social care sector. The Deputy Minister provided a positive response to the suggestion of working with Care Forum Wales on this issue and stated her commitment to develop discussions with Health and Social Care colleagues within the Welsh Government.

**12. We would appreciate updates on any future discussions held with Health and Social Care sector organisations and within the Welsh Government on the issue of targeting the 16-18 age group for Work Based Learning and apprenticeships.**

## **Higher Education**

We are aware of the review currently being undertaken by Professor Sir Ian Diamond into Higher Education funding in Wales, as well as the Higher Education (Wales) Bill that proposes changes to governance.

**13. We would still like further clarification on how the Welsh Government is ensuring and monitoring, with the Higher Education Funding Council (HEFCW), that the Minister's priorities for the Higher Education sector are being delivered, in particular post graduate study, research funding, STEM and expensive subjects and widening access initiatives and monitoring how value for money is being achieved.**

## **Youth Entrepreneurship**

The Ministers will be aware of the importance of Youth Entrepreneurship to this Committee having undertaken an inquiry and published a report on this topic in November 2013.

Although we appreciate that funding is in place, from the information provided by the Minister, there is no dedicated budget to support the Youth Entrepreneurship Strategy Action Plan.

**14. We would appreciate further details on how the Welsh Government will ensure that Youth Entrepreneurship is prioritised in other budgets and how the impact on promoting Youth Entrepreneurship is evaluated.**

## Carers Wales

The budget for Careers Wales has seen a significant decrease of £10.5 million in 2015–16 (–34%) compared with the Supplementary Budget 2014–15. As a result of the budget proposals both you and the Deputy Minister have referred to the necessity for a change in the remit of Careers Wales with a refocus on web based and online services.

**15. With Members’ concerns raised about a shift away from face-to-face services towards greater online provision, we welcome the Deputy Minister’s agreement to reassess the situation if demand for face-to-face services exceeds Welsh Government estimates.**

**16. We would like further details on how you propose to evaluate and monitor the impact of budget cuts on those groups that utilise Careers Wales services, especially with the refocus to web based and online services.**

Thank you for assisting the Committee in our scrutiny work, and we look forward to receiving your response to the points raised in this letter as soon as possible.

Yours sincerely,



William Graham AM  
Chair, Enterprise and Business Committee

cc Jocelyn Davies AM, Chair, Finance Committee

**Y Pwyllgor Iechyd a Gofal Cymdeithasol**  
**Health and Social Care Committee**

Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



**Mark Drakeford AM**  
Minister for Health and Social Services  
**Vaughan Gething AM**  
Deputy Minister for Health

24 October 2014

Dear Ministers,

**Welsh Government draft budget 2015–16**

Thank you for attending the Health and Social Care (HSC) Committee's meeting on 16 October 2014 to discuss the Welsh Government's Draft Budget for 2015–16. During the meeting Members covered a number of themes of relevance to the Committee's remit, and touched on some health and social care matters also of relevance to the Children, Young People and Education (CYPE) Committee.

The purpose of this letter is to highlight the key issues the HSC Committee has identified during the course of its scrutiny. These are attached at Annex A. As with previous years, the issues raised have been labelled in accordance with the four principles of good financial scrutiny: affordability, prioritisation, value for money, and budget process.

This letter will be shared with the Finance Committee to aid its overarching scrutiny of the Draft Budget. The HSC Committee would welcome receipt of the further information requested in Annex A as soon as possible in order to inform the final debate on the Welsh Government's Draft Budget 2015–16.

The letter will also be shared with the CYPE Committee which, for the purpose of drawing on your time effectively, asked the HSC Committee to lead on matters in relation to health and social services (see letter attached at Annex

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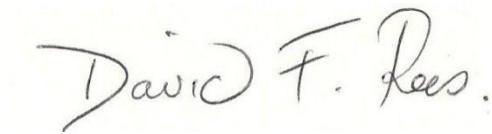
Trydar/Twitter: [@iechydswydd](https://twitter.com/iechydswydd) / [@seneddhealth](https://twitter.com/seneddhealth)

Croesewir gohebiaeth yn y Gymraeg a'r Saesneg/We welcome correspondence in both English and Welsh



B). As time did not allow Members to raise the questions posed in the letter at Annex B, the HSC Committee would be grateful to receive a written response to these questions from you.

Yours sincerely,

A handwritten signature in black ink that reads "David F. Rees." The signature is written in a cursive style with a clear, legible font.

**David Rees AM**

Chair of the Health and Social Care Committee

**Cc:**

Jocelyn Davies AM, Chair of the Finance Committee

Ann Jones AM, Chair of the Children, Young People and Education Committee

## ANNEX A: Welsh Government Draft Budget 2015–16 – key issues identified by the Health and Social Care Committee

### 1. Additional revenue allocation for NHS services in 2015–16

*(Principle: prioritisation)*

The largest change in the Welsh Government Draft Budget 2015–16, is due to an additional allocation of £225 million in line with Welsh Government’s priority to support the NHS in Wales. Overall, the Draft Budget 2015–16 includes additional revenue funding of £273 million (4.8%) in the NHS Delivery Revenue SPA for 2015–16 compared to 2014–15.<sup>1</sup> This change does not reflect the announcement of £200 million funding which is planned to be allocated to the NHS in 2014–15 via the next Supplementary Budget.<sup>2</sup>

The Committee recognises the conclusion of the recently published Nuffield Trust report that, in a context of rising costs, increasing demand, an ageing population, and a growth in the number of people experiencing chronic conditions, an innovative response and additional funding is needed for the NHS to continue to deliver high quality and safe services.<sup>3</sup> The Committee also acknowledges that the additional revenue allocation for 2015–16 reflects the estimates outlined by the Auditor General for Wales in his work on NHS finances in recent years.<sup>4</sup> The £200 million additional funding announced for 2014–15 also links closely with the latest estimate of a £198 million funding gap in the current year. The Committee welcomes the additional funding allocated for the 2014–15 and 2015–16 financial years.

The Committee is conscious of the emphasis in the Nuffield Trust report on the importance of improvements in efficiency, productivity and service delivery to secure the long term future of the NHS in Wales. The Committee shares this view, and that of the Auditor General for Wales, who has noted that NHS Wales will “struggle to make progress without transformational change”.<sup>5</sup> As such, the Committee would welcome further information from

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<sup>1</sup> Welsh Government, [Draft Budget 2015-2016 Priorities for Wales](#), September 2014

<sup>2</sup> National Assembly for Wales, [Record of Plenary Proceedings](#), 30 September 2014

<sup>3</sup> Nuffield Trust, [A decade of austerity in Wales? The funding pressures facing the NHS in Wales to 2025/26](#), June 2014

<sup>4</sup> Auditor General for Wales, [NHS Wales: Overview of Financial and Service Performance 2013-14](#), 13 October 2014

<sup>5</sup> Ibid, [Welsh NHS breaks even in 2013-14 with mixed performance against service targets](#), 13 October 2014

the Welsh Government on how it will monitor and ensure that the additional revenue funding for the 2014–15 and 2015–16 financial years delivers meaningful reform to services and positive outcomes for patients, rather than being used by health boards to address end of year deficits resulting from unchanged models of care.

## **2. Resource allocation formula (Townsend) and distribution of additional funding**

*(Principle: budget process/value for money)*

The Committee was told that around £200 million of the £225 million additional revenue funding for 2015–16 will be allocated predominantly via the revised Townsend formula, with reference to information in the medium term financial plans. The Minister noted that the allocations will be made as “late in the cycle” as possible in order that decisions may be informed by the most up to date population trends and needs–based data.<sup>6</sup> This will be concluded before formal allocation letters are sent out in January 2015.<sup>7</sup>

The Committee acknowledges the importance of using a transparent, evidence–based formula to ensure a sustainable method of allocating funding to health boards in the future. The Committee would welcome further detail on the distribution of this additional funding once made, to include information about how the integrated medium term plans of health boards have influenced decisions.

## **3. The reduction in local government funding and its impact**

*(Principle: prioritisation/affordability)*

The Draft Budget for 2015–16 outlines a reduction of £154 million (3.5%) in the Funding Support for Local Government Action. The narrative document accompanying the Draft Budget notes that an additional £10 million has been allocated to local government in recognition of pressures that social services will face as a consequence of the overall budget reduction. It also states that funding of £67.5 million would be maintained within the *Health and Social*

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<sup>6</sup> National Assembly for Wales, [Draft Record of Proceedings \[para 16\]](#), 16 October 2014

<sup>7</sup> Ibid, [HSC\(4\)-24-14 Paper 5 - Written evidence from the Minister for Health and Social Services and Deputy Minister for Health](#), 16 October 2014

*Services MEG* “to support policy transformation that underpins the delivery of social care in Wales”.<sup>8</sup>

The Welsh Government’s Strategic Integrated Impact Assessment which accompanies the Draft Budget documentation highlights that:

- social care services are facing real increases in demand;
- the numbers of looked after children and those on the child protection register are growing;
- the number of older people with complex care needs are growing; and,
- the number of people registered with local authorities as having a learning disability is increasing.<sup>9</sup>

The Committee is concerned, therefore, that the significant reduction to the local government allocation for 2015–16 will have a negative impact on the delivery of social services. The Committee is also concerned that reduction could impact on the provision of the local government services which support both improved physical and mental health and recovery from medical procedures. Furthermore, given the important links between health and social care services, the Committee is concerned that the considerable reductions proposed to the local government allocation could place pressure on the long term sustainability of health services as well as social care.

#### **4. Intermediate Care Fund**

*(Principle: prioritisation/value for money)*

One of the stated priorities of the Welsh Government is to ensure greater integration of health and social services. The integration agenda has been encouraged by the creation of the Intermediate Care Fund (“the Fund”), among other things.

The Final Budget for 2014–15 included £35 million revenue funding within the local government allocation and £15 million capital in the housing and regeneration budget to create the Fund. Its stated aim was to build effective

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<sup>8</sup> Welsh Government, [Draft Budget 2015-2016 Priorities for Wales](#), September 2014, p42

<sup>9</sup> Ibid, [Draft Budget 2015-16: Strategic Integrated Impact Assessment](#), 30 September 2014

joint-working across the health, social services, housing, third and independent sectors that would:

“support people to maintain their independence and remain in their own home [...] avoid unnecessary hospital admissions, inappropriate admissions to residential care, as well as preventing delayed discharges from hospital”.<sup>10</sup>

In accordance with the Minister’s previously stated intention, the allocation was made for one year only and no provision for the Fund is made in the Draft Budget for 2015–16.

The Committee welcomes information provided by the Minister that, in the absence of the Fund in the next financial year, and given the savings realised by its use, some health boards and local authorities are planning to allocate money from elsewhere to continue the work the Fund instigated. The Minister also explained that he will consider whether part of the unallocated £25 million additional revenue funding for NHS services for 2015–16 could potentially be used to finance services proven to be successful by the Fund in 2014–15.<sup>11</sup>

Although the Committee acknowledges that the Welsh Government cannot fund every initiative in the current economic climate, it is concerned that good work enabled by the existence of the Fund is not lost in the absence of this specified allocation. The prioritisation of innovative, integrated and money-saving initiatives of this kind is, in the Committee’s view, one of the main ways that the Welsh Government can deliver the reform that is required to maintain sustainable health and social services. In the short term, the Committee would welcome further information from the Minister on how he will monitor and ensure that the positive steps made as a consequence of the Fund’s existence will be maintained once its funding stops at the end of 2014–15. In the longer term, the Committee would welcome an update on whether (and, if so, how) the unallocated £25 million is used to deliver intermediate care services.

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<sup>10</sup> Welsh Government written statement, [Intermediate Care Fund](#), 20 May 2014

<sup>11</sup> National Assembly for Wales, [Draft Record of Proceedings \[paras 88-90\]](#), 16 October 2014

## 5. Preventative spending

*(Principle: prioritisation/value for money)*

The Minister estimates that £105 million, 2% of the total Health and Social Services revenue budget, is focused on preventing problems and easing future demand on services. In requesting information on allocations for preventative services, the Committee acknowledges that prevention runs through many strands of health and social services spend.

The Deputy Minister told the Committee that a range of cross-sector and cross-departmental initiatives are in place, including the Healthy Ageing Programme and exercise referral schemes. He also referred to the importance of the immunisation programme as part of the preventative agenda. The Deputy Minister went on to say that there is recognition that the preventative agenda requires dialogue across departments and partner organisations.<sup>12</sup>

The Committee welcomes the Deputy Minister's assurance that work in this field is moving in the right direction. Nevertheless, the Committee notes his comment that the pace of change remains a challenge. Furthermore, the Committee is concerned that reductions to the local government budget could reduce the overall spend on preventative services as local authority services are often preventative in nature. In order to safeguard the future sustainability of the health and social care systems, the Committee expects the Welsh Government to redouble its efforts in this area and to focus on the transformation that is needed within service design to move from a reactive to a proactive approach.

## 6. Capital

*(Principle: affordability)*

In 2015–16 the total capital allocations for the NHS Delivery SPA will decrease by £65.5 million, a reduction of 23% compared with the latest figures for 2014–15. The Minister's paper to the Committee highlights that this is as a result of non-recurrent funding provided in 2014–15 not being carried forward to 2015–16.<sup>13</sup>

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<sup>12</sup> National Assembly for Wales, [Draft Record of Proceedings \[paras 120-122\]](#), 16 October 2014

<sup>13</sup> National Assembly for Wales, [HSC\(4\)-24-14 Paper 5 - Written evidence from the Minister for Health and Social Services and Deputy Minister for Health](#), 16 October 2014

In order to respond to the reduction in the capital budget, the Minister explained to the Committee that a prioritisation exercise will take place for capital projects. He noted that all future bids for capital funding are likely to be required to demonstrate their ability to deliver revenue savings and service change before being approved.<sup>14</sup> The Minister sought to assure the Committee that the capital funding needs of the service reconfiguration plans in Wales remain affordable and that there has been no change in relation to the availability of central funds for the Gwent Specialist and Critical Care Centre (SCCC).<sup>15</sup> The Minister went on to express his disappointment that the Welsh Government is not in a position this year or next to increase discretionary capital funding. Related to this, he noted that if any capital underspend emerges during 2015–16 he will consider allocating the funding directly to Health Boards for the purpose of equipment replacement.<sup>16</sup>

The Minister's paper to the Committee refers to the pursuit of innovative funding mechanisms by relevant health organisations, the most advanced of which is Velindre NHS Trust's initiative to fund a new specialist cancer centre. He also noted that discussions are underway to explore the viability of using innovative models to fund developments to the primary care estate, and that a number of individual health boards are now coming forward with ideas.<sup>17</sup>

The Committee is concerned by the overall reduction in capital funding and would welcome further information about how the new capital prioritisation exercise will work in practice. The Committee welcomes the exploration of innovative funding mechanisms and will take a keen interest in the future policy and legislative developments that will be necessary to underpin these financial models.

## **7. Mental health services and the ring fence**

*(Principle: prioritisation/budget process)*

Most funding for mental health services is included within the ring-fenced mental health allocations for health boards. Included within this is the funding

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<sup>14</sup> Ibid, [Draft Record of Proceedings \[para 105\]](#), 16 October 2014

<sup>15</sup> Ibid, [Draft Record of Proceedings \[paras 108-110\]](#), 16 October 2014

<sup>16</sup> Ibid, [Draft Record of Proceedings \[para 115\]](#), 16 October 2014

<sup>17</sup> Ibid, [HSC\(4\)-24-14 Paper 5 - Written evidence from the Minister for Health and Social Services and Deputy Minister for Health](#), 16 October 2014

for Child and Adolescent Mental Health Services (CAMHS), although spending on CAMHS is not separately ring-fenced.

In light of previous references to the limitations of monitoring compliance with the mental health ring-fenced allocations, the Committee welcomes the Welsh Government's commissioned review of the ring fence mechanism and looks forward to its conclusion in 2015. The Committee notes that the Minister does not wish to pre-empt the conclusions of the review but that he questions the feasibility of introducing a ring-fence within a ring-fence. The Committee welcomes the Minister's focus on delivering good outcomes for patients as opposed to remaining wedded to any particular funding model. Furthermore, the Committee welcomes the Minister's assurances that his focus on CAMHS will be "unremitting" and that services will be held to account for their performance.<sup>18</sup> The Committee hopes that this information will help inform the Children, Young People and Education Committee's current inquiry into CAMHS.

The Committee would welcome further detail about the allocation of funds to mental health as information appears to have been presented in a different format in this year's Draft Budget documentation. Furthermore, the Committee would welcome clarification of whether the ring-fenced allocation for mental health services has grown with inflation since its inception.

## **8. Legislation**

*(Principle: affordability/value for money)*

The Welsh Government's legislative programme in the field of health and social care has been ambitious during the Fourth Assembly. The Food Hygiene Rating (Wales) Act 2013, the Human Transplantation (Wales) Act 2013, and the Social Services and Well-being (Wales) Act 2014 all have significant pieces of subordinate legislation flowing from them that require funding. In addition, funding is allocated for provisions contained in the NHS Redress (Wales) Measure 2008 and Mental Health (Wales) Measure 2010. The Minister's paper notes that proposals for legislation in the fields of public health and the regulation and inspection of social services will incur expenditure during the 2015-16 financial year, but that work is on-going to assess their potential financial impact in subsequent years. The Committee will take a keen interest

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<sup>18</sup> National Assembly for Wales, [Draft Record of Proceedings \[para 51\]](#), 16 October 2014



in the financial aspects of both Bills if introduced and referred for consideration, as anticipated, during 2015.

In relation to the Social Services and Well-being (Wales) Act 2014, the Minister's paper states that further work on assessing the costs and benefits of its implementation will be undertaken as relevant subordinate legislation is developed. It goes on to state:

“The outcomes of this work should be viewed against the broader background of a system developed to be revenue-neutral through shifting the focus and burden of cost towards supporting well-being, earlier intervention and citizen voice and away from late-stage, high intensity, intrusive and high cost interventions”.<sup>19</sup>

The paper also notes that the Welsh Government will provide three years of transitional funding – to include £3 million in 2015–16 – to local government and its partners to assist them in meeting the costs of moving to the new way of working introduced by the Act. The Committee has committed to considering the regulations emanating from the Act and will keep a close eye on the likely impact of the regulations on the capacity of local authorities to deliver services, particularly in light of the budget reductions discussed in section 3 of this annex.

## **9. Moving services from hospitals to the community**

*(Principle: affordability/value for money)*

The Minister told the Committee that moving services out of secondary care and into community and primary care is a “key strategic objective” for the Welsh Government. The Minister noted that he is considering whether the unallocated £25 million additional revenue funding for NHS services for 2015–16 can be used to deliver further progress in relation to this strategic aim, notwithstanding the other demands that may be placed on this currently unallocated sum.<sup>20</sup>

The Minister recognised primary care services received less in the 2015–16 financial year as a proportion of the total budget than in previous years, but

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<sup>19</sup> National Assembly for Wales, [HSC\(4\)-24-14 Paper 5 - Written evidence from the Minister for Health and Social Services and Deputy Minister for Health](#), 16 October 2014

<sup>20</sup> Ibid, [Draft Record of Proceedings \[para 45\]](#), 16 October 2014

noted that in cash terms they have received more money than in previous years because more money has been allocated to health and social services than in the past. He also acknowledged that shifting services from secondary to primary care is not an easy task, noting that the impetus for this to happen has to come not only from health boards seeking to push services from hospitals into the community, but also from primary care seeking to take these services on.<sup>21</sup>

Given the emphasis placed by the Welsh Government on the importance of moving services from hospitals to the community for the sustainability of services, the Committee calls on the Ministers to work with health boards to ensure that the shift in policy is reflected by the necessary shift in budgets.

## 10. Efficiencies

*(Principle: affordability/value for money)*

In its written evidence to the Finance Committee, the Welsh NHS Confederation warns:

“While the efficiency savings made by the NHS are significant, the annual achievement has been gradually diminishing year on year, a reflection that ‘doing more of the same’ will not deliver the level of cost reductions required to contend with the anticipated increased demands and costs of running NHS services going forward”.<sup>22</sup>

The Auditor General for Wales’ recent report *NHS Wales: Overview of Financial and Service Performance 2013–14* noted:

“...there is scope to build on the progress to date that the Nuffield Trust identifies and further improve efficiency but our own analysis suggests that the more optimistic projections on acute-sector efficiency would be very difficult to achieve without radical changes”.<sup>23</sup>

The Minister accepted the Welsh NHS Confederation’s assertion that, year on year, making savings becomes more difficult as the easier issues have been tackled. Nevertheless, he believed that NHS Wales’ overall performance in

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<sup>21</sup> National Assembly for Wales, [Draft Record of Proceedings \[paras 143-145\]](#), 16 October 2014

<sup>22</sup> Ibid, [FIN\(4\) – 15-16WGDB13 Written evidence from the Welsh NHS Confederation](#), September 2014

<sup>23</sup> Auditor General for Wales, [NHS Wales: Overview of Financial and Service Performance 2013-14](#), October 2014

delivering savings of the necessary volume has been “remarkable”. The Minister noted that, in the last financial year, NHS Wales made £185 million of efficiency savings, which is only £3 million less than it achieved in the previous financial year.<sup>24</sup> He warned, however, that not every part of the system can be expected to find savings in the same way as other parts of the system, citing the Welsh Ambulance Service as an example. In this case, the Minister explained that extra capital funding has been made available to assist its attempts to realise savings by improving efficiency, for example, by modernising its vehicle fleet.<sup>25</sup>

The Committee acknowledges the hard work that has been undertaken by NHS Wales to achieve efficiencies in recent years. It remains clear, however, that to achieve the savings the Nuffield Trust states are necessary to sustain services in Wales, significant changes to services are needed.

## 11. Litigation and the risk pool

The Welsh Government’s accounts for 2013–14 include provisions that recognise an obligation to pay for certain costs in future years. Note 18 shows that £593.8 million of the £605 million in Welsh Government provisions related to the NHS Welsh Risk Pool, which mainly relates to claims for medical or employer negligence. This has risen significantly from £521 million in 2012–13.

During evidence, officials explained that, under relevant audit rules, provisions need to be made in the Welsh Risk Pool, not just for the current year, but prospectively. They noted that the actual impact within any individual financial year for the Welsh risk pool is approximately £70 million, which is covered within existing budgets. They noted that the larger sum relates to a prospective period of approximately a decade.<sup>26</sup>

The Committee looks forward to receiving further analysis relating to the quantity and level of in-year settlements made against the risk pool in recent years, as requested during the meeting.

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<sup>24</sup> National Assembly for Wales, [Draft Record of Proceedings \[para 150\]](#), 16 October 2014

<sup>25</sup> Ibid, [Draft Record of Proceedings \[paras 151-152\]](#), 16 October 2014

<sup>26</sup> Ibid, [Draft Record of Proceedings \[paras 132-133\]](#), 16 October 2014

**ANNEX B – Letter from the Chair of the Children, Young People and Education Committee**

Cynulliad  
Cenedlaethol  
Cymru  
National  
Assembly for  
Wales

**Y Pwyllgor Plant, Pobl Ifanc ac Addysg  
Children, Young People and Education Committee**



David Rees AM  
Chair of the Health and Social Care  
Committee  
National Assembly for Wales

Bae Caerdydd / Cardiff Bay  
Caerdydd / Cardiff  
CF99 1NA

15 October 2014

Dear David

**Welsh Government Draft Budget 2014–15**

The Children, Young People and Education Committee wrote to the Minister for Health and Social Services on 14 August to seek information on the budget allocations within his portfolio. The Minister replied on 2 October.

The Committee agreed in its meeting on 9 October that I should write to you to draw your Committee's attention to a number of issues relating to the Minister's response, in advance of your scrutiny session with the Minister. The Committee will, of course, be writing to the Minister separately to seek further information on these issues, but I would be grateful if you could, if possible, raise some of these issues with the Minister.

- **Additional £10M for Social Services:** what mechanism has the Welsh Government put in place to ensure that an appropriate proportion is spent on children;
- **Transfer of £4.6M for the Integrated Family Support Services into the RSG:** what safeguards have been put in place to ensure local authorities make a continued investment in this new programme over time;

- **£3M for Social Services Act implementation:** what mechanism has the Welsh Government put in place to ensure the appropriate proportion is spent on the legislation as it affects children and young people;
- **Funding arrangements for LHBs:** given that funding arrangements are at the discretion of the LHB and have no age related hypothecation:
  - How does the Welsh Government assess the impact of LHB spending decisions on children's health and well-being;
  - What assessment has the Welsh Government undertaken of the potential impact on children's health arising from the LHB Resource Review.

The Committee will also be writing to the Minister on a number of issues.

Yours Sincerely

A handwritten signature in black ink that reads "Ann Jones". The signature is written in a cursive style with a large initial 'A'.

**Ann Jones AC / AM**  
Cadeirydd / Chair

Pwyllgor Cymunedau, Cydraddoldeb a  
Llywodraeth Leol

Communities, Equality and Local Government  
Committee

**Jane Hutt AM**  
Minister for Finance and Government  
Business

Bae Caerdydd / Cardiff Bay  
Caerdydd / Cardiff  
CF99 1NA

24 October 2014

Dear Minister

**Welsh Government draft budget proposals, 2015-16**

Thank you for attending the Committee on 9 October 2014 to answer questions on the Welsh Government's draft budget proposals for 2015-16, specifically on the process of considering equality in the budget.

The Committee would like to draw your attention to the matters set out below, and looks forward to receiving your response, where appropriate, as soon as possible.

We note that the Finance Committee's consideration of the draft budget is structured around the four financial scrutiny objectives of affordability; prioritisation; value for money; and budget processes. We have applied these objectives to our considerations, where appropriate. A copy of this letter goes to the Finance Committee to inform its overarching consideration of the draft budget and it will also be published on our website.

## **1. Budget reductions**

We note that the main reductions in spending detailed in the Strategic Integrated Impact Assessment includes a significant reduction for post-16 education, education and career choice, the Supporting People Programme and Communities First. Given that these include key areas of preventative spend, we are concerned about the impact of these reductions, particularly on vulnerable groups. Within this context, and in view of the significant increase in funding for health and social care, we are concerned about the apparent prioritisation of health services over preventative services, such as the Supporting People Programme .

We are concerned about the overall reduction of £10 million for the Supporting People Programme, the impact of this on the delivery of the Programme and on the ability of vulnerable groups to access much needed advice and support. In addition, we question whether sufficient consideration has been given to the cost implications for other public services, including health, of the reduction in funding for the Programme. As such, we would welcome further detail from you on any cost-benefit analysis undertaken to inform the decision to reduce funding for the Supporting People Programme. Linked to this, we note your intention to undertake an assessment of the impact of this funding reduction and we would welcome further details of this as soon as they become available.

During the evidence session, you stated that “raising the skills level of the Welsh workforce is key to our ambitions to tackle poverty”. Despite this assertion, funding for post-16 education and Careers Wales’ has been reduced. We are concerned that the reduction in this funding for could further disadvantage groups including, NEETs, black and minority ethnic groups and disabled people, who are already at increased risk of poverty.

## **2. The Budget Advisory Group on Equality (BAGE) and the Strategic Integrated Impact Assessment (SIIA)**

We are aware that the Budget Advisory Group on Equality (BAGE) has been in existence now for two years and that, according to your evidence it “has had a significant influence already”, although you would “not necessarily be steered by [the Group]”. As such, we are unclear about the role of BAGE. We would welcome further information on its role, in particular, the extent to which BAGE is able to influence the development of the draft budget and its impact on final budget decisions across Welsh Government portfolios. As agreed at the meeting, we would also like the minutes of all BAGE meetings, including the 23 October meeting when we understand the Group will meet to discuss the draft budget 2015-16.

We welcome the publication of the first Strategic Integrated Impact Assessment (SIIA) and the steps undertaken by you to improve the impact assessment process. We believe there is an opportunity for BAGE to have a more influential role in the development of the SIIA, and for it to provide a critical analysis of the draft budget. We would like you to consider this ahead of the next budget round and report back to us on the outcome of your consideration.

Finally, we would also like you to consider whether there is a role for BAGE in collating and assessing local authority budget assessments with a view to identifying the cumulative impact of budget decisions on particular groups and to report back to us on this.

Yours sincerely

A handwritten signature in black ink that reads "Christine Chapman". The signature is written in a cursive style with a period at the end.

**Christine Chapman AC / AM**

Cadeirydd / Chair

cc Jocelyn Davies AM, Chair, Finance Committee



Pwyllgor Cymunedau, Cydraddoldeb a  
Llywodraeth Leol

Communities, Equality and Local Government  
Committee

**Leighton Andrews AM**  
Minister for Public Services

Bae Caerdydd / Cardiff Bay  
Caerdydd / Cardiff  
CF99 1NA

24 October 2014

Dear Minister

### **Welsh Government draft budget proposals 2015-16**

Thank you for attending the Committee on 9 October 2014 to answer questions on the Welsh Government's draft budget proposals 2015-16 relating to local government.

The Committee would like to draw your attention to the matters set out below, and looks forward to receiving your response, where appropriate, as soon as possible.

We note that the Finance Committee's consideration of the draft budget is structured around the four financial scrutiny objectives of affordability; prioritisation; value for money; and budget processes. We have applied these objectives to our considerations, where appropriate. A copy of this letter goes to the Finance Committee to inform its overarching consideration of the draft budget and it will also be published on our website.

### **Overall priorities and preventative spend**

We note the reduction in total funding for the Local Government Main Expenditure Group (MEG) between 2014-15 and 2015-16 of £192.6 million, which equates to 4.2 per cent in cash terms and 5.7 per cent in real terms. While we acknowledge that a certain level of reduction in funding is inevitable within the context of existing financial constraints, we are concerned about the scale of the proposed reduction.

Croesewir gohebiaeth yn y Gymraeg a'r Saesneg / We welcome correspondence in both English and Welsh  
Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol / Communities, Equality and Local Government Committee  
Gwasanaeth y Pwyllgorau / Committee Service  
Ffôn / Tel : 029 2089 8429  
Ebost / Email : CELG.Committee@wales.gov.uk

We note your view that “a substantial reduction to [the local government budget] is unavoidable” and that reductions across Ministerial portfolios are “unavoidable overall”. Despite your assertion, we are aware that the Health and Social Service MEG has not been subject to any reduction but has instead been allocated an additional £225.7 million in 2015-16 (3.5 per cent).

You will be aware that the Welsh Government cited the need to address pressures in the health service as a reason for the level of cuts to the local government budget. While that may be the case, the Welsh Local Government Association and others have asserted that local government services, in particular social services, are under similar pressures. We do not dispute the benefits of spending on health, however, we are concerned that the Welsh Government has not demonstrated sufficiently how it is taking a strategic approach to budgeting, particularly in respect of preventative spend.

We share your view that funding for local government to support communities and local services “plays a key role in terms of preventative spend”. As such, we are concerned that, given the scale of the reduction in local government funding, many of these services, including those that are preventative in nature, will suffer inexorably.

### **Forward planning**

You told us in your evidence that, during the first three years after the 2010 Spending Review, local government in Wales has been “protected from the worst of the cuts to public funding”. You also told us that it had been made clear to local government that this protection “was to enable local government to rethink and reform services in order to prepare for the challenges ahead”.

While we acknowledge the above, we are aware that the reduction to the local government budget is significantly greater than was set out in the indicative 2015-16 figures. This has been the case for two consecutive years. You told us that your predecessor had warned local government in June “that it could expect a very difficult settlement”. Nonetheless, the Welsh Local Government Association has raised concern that “the inability to rely on indicative figures [...] makes sound financial planning untenable” and that this is further exacerbated by the scale of reductions. As such, we are concerned about the level of variation between indicative and actual allocations for local government, and the basis on which this enables authorities to plan effectively in the medium term.

### **Reforming local government**

Given the significance of the proposed reform of local government and the potential implications of this for the future delivery of local government services, it is unsurprising that the reform and proposed mergers formed part of our considerations.

We note the differences in the cost estimates provided by the Williams Commission and the Welsh Local Government Association of the proposed local authority mergers. We are aware that the Welsh Government has not yet provided

its own estimate. We believe that the decision to proceed with the programme of mergers would have been better informed by a comprehensive and robust cost-benefit analysis with a view to demonstrating how the programme will provide value for money for Welsh citizens. However, we recognise that there will be opportunities to consider these issues as part of the wider scrutiny of the forthcoming Bill that will give effect to the programme of mergers. We await with interest the publication of the draft Regulatory Impact Assessment (RIA) to accompany the Bill. Looking ahead, we would expect the Assembly committee responsible for Stage 1 consideration of the Bill, once introduced, to give full consideration to the RIA as part of the scrutiny process.

We acknowledge the work already underway to pave the way for reform and that local authorities are currently considering whether to take advantage of voluntary merger before the introduction of the main merger programme. We were pleased to hear that “resource is there to support voluntary mergers”, although we were disappointed that you were not prepared to provide us with specific figures. You told us that, once proposals for voluntary mergers have been received, it was your intention to undertake “a case-by-case assessment of what might be needed and what might be feasible for us to support” and that you would expect to discuss this “at a future date with the Minister for finance”. **We would like you to provide further details, at the first available opportunity, of the financial arrangements that you intend to put in place in order to incentivise authorities to merge voluntarily. We would also like details of any other incentives you are prepared to offer local authorities as part of the voluntary merger process.**

On a more general point, we sought clarification from you on the implications of the merger programme on established partnerships and collaborative activity that exists outside of the proposed map of merged authorities recommended by the Williams Commission (“the Williams map”). You told us that “it is not necessarily the case that [...] collaboration would need to stop in the context of a set of mergers on the Williams footprint”. We welcome this assurance and believe that, where successful partnerships and collaborative activities do exist, it is important to ensure that authorities are able to preserve them. As such, **we would welcome further detail from you about how you envisage this working in practice.**

### **Council tax**

We are aware that, in the current financial year, councils in Wales set an average rise of 4.2 per cent in their local council tax rate. Given the substantial reduction in local government funding and the ongoing pressures facing the sector, further increases in council tax in most authorities for 2015-16 are inevitable. You have previously reported that funding to support council tax reduction schemes for 2015-16 will remain unchanged at a level of £22 million. We understand that, in line with existing arrangements, authorities will be expected to meet the ever increasing shortfall, which serves to further increase financial pressures on local government.

Yours sincerely

*Chris Chapman.*

**Christine Chapman AC / AM**

Cadeirydd / Chair

cc Jocelyn Davies AM, Chair, Finance Committee

Pwyllgor Cymunedau, Cydraddoldeb a  
Llywodraeth Leol

Communities, Equality and Local Government  
Committee

**Lesley Griffiths AM**  
Minister for Communities and Tackling  
Poverty

Bae Caerdydd / Cardiff Bay  
Caerdydd / Cardiff  
CF99 1NA

24 October 2014

Dear Minister

### **Welsh Government draft budget proposals, 2015-16**

Thank you for attending the Committee on 9 October 2014 to answer questions on the Welsh Government's draft budget proposals for 2015-16.

The Committee would like to draw your attention to the matters set out below, and looks forward to receiving your response, where appropriate, as soon as possible.

We note that the Finance Committee's consideration of the draft budget is structured around the four financial scrutiny objectives of affordability; prioritisation; value for money; and budget processes. We have applied these objectives to our considerations, where appropriate. A copy of this letter goes to the Finance Committee to inform its overarching consideration of the draft budget and it will also be published on our website.

### **Tackling poverty**

We believe it is important to see clear links between budget allocations and the Tackling Poverty Action Plan (TPAP). We note your assertion that "the contribution to Tackling Poverty was an explicit factor in deciding the changes to be made between the indicative budget for 2015-16 and the draft budget" and that, "budgets have been protected for the programmes that contribute to that [anti-poverty] agenda as much as possible". While we welcome this, we are aware of reductions in budget allocations across Ministerial portfolios that could potentially

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impact on the delivery of the TPAP. The most notable of these is the reduction in funding for Communities First, which is a key programme within the TPAP.

We are aware that there is an annual report on the progress of the delivery of the TPAP. We hope this will prove useful as a means of helping to monitor the impact of budgetary decisions on progress and we intend to monitor this through in-year scrutiny.

## **Communities First**

The Committee was keen to see a demonstrable link between investment in the Communities First programme and clear, measurable outcomes so that value for money can be demonstrated.

The need for effective monitoring of how funding for the Communities First programme is spent, and for clear, measurable outcomes has been a continuing theme in our considerations of the programme. This is central in the context of existing financial constraints, when it is increasingly important to demonstrate value for money.

We are aware that the Outcomes Framework and performance measures have been agreed and are currently being used to measure progress. Your predecessor previously provided us with performance information based on the volume of interventions. However, we are unclear about how this data is used to measure the effectiveness of the programme. As such, we would welcome further clarification of how the programme is monitored, not only in terms of volume of interventions but quality of outcomes.

You told us that of the 100 performance indicators for the programme there are 20 key indicators that “measure the hardest outcomes” and that Communities First clusters have been asked to focus in these. You agreed to provide us with these key indicators when available.

You also told us that monitoring is being further refined to align performance measures across Communities First, Families First and Flying Start. We would like you to report back on the outcome of this work.

Following on from our consideration of last year’s budget when we raised concerns with your predecessor about the lack of monitoring and evaluation of the programme, we were told that an evaluation report on the reshaped Communities First programme would be available in July 2014. We would like information on the outcome of this evaluation as soon as possible.

## **Supporting people and homelessness**

We are concerned about the overall reduction of £10 million for the Supporting People Programme, in particular the impact that this reduction in preventative spend could have on homelessness. This coincides with an increase in the Homelessness budget allocation, which includes £4.9 million to support the

implementation of the homelessness provisions in the Housing (Wales) Act 2014. We note your official's assertion that prioritising homelessness prevention in this way "would generate long-term benefits that were worth taking that short-term hit [...] on the budget more generally". Nonetheless, we remain concerned that the reduction in what is a key area of preventative spend could negate any potential benefit resulting from the increase in funding for homelessness prevention. We note that both local authorities and the Supporting People National Advisory Board are preparing to deal with consequences of the budget reduction. We welcome your commitment to publish information relating to the individual audits of Supporting People services and on the Supporting People longitudinal survey looking at the longer term impacts of the programme. We would like you to provide us with this information in due course.

## **Housing Supply**

The Committee welcomed the review of Social Housing Grant which has just commenced should improve efficiency of the grant process. The Committee see capital investment in housing as an opportunity, not only to deliver more affordable homes, but to achieve substantial community benefits, and noted the use of the Value Wales tool to measure this. More generally, the Committee sees an opportunity to integrate housing and community regeneration work with the Vibrant and Viable Places regeneration programme.

The Committee noted the regular monitoring information received on the Help to Buy Wales scheme, and the annual audit as well as a planned external evaluation.

## **Houses into Homes**

We welcome the success of the Houses into Homes scheme and the significant progress that has been made to date towards the target of bringing 5,000 empty properties back into use. We also welcome the additional £10 million for the scheme in 2015-16, which you told us was being made available to meet the increase in demand for loans as a result of the success of the scheme.

Your official reported that an evaluation of the scheme was underway. We welcome the intention to include in the evaluation consideration of whether landlords of rental properties that have benefited from the scheme should be required to charge an affordable rent. We would like details of the outcome of the evaluation as soon as they become available.

We note that the scheme is not available to owner occupiers. We believe that there could be merit in extending the scheme to owner occupiers in certain circumstances. We welcome your commitment to consider this issue and ask that you report back to us on the outcome of your consideration at the first available opportunity.

## **Home Adaptations and repairs**

We, and our predecessors, have taken a close interest in home adaptations over a number of years, most recently in our July 2013 report. We note that the Welsh Government's own review is about to report shortly and that you stated any minor changes to the adaptations system will be absorbed through your departmental budget as no specific allocation has been made for this purpose. We await the findings of the review to see whether there are any financial implications.

We also noted with interest the pilot Home Improvement Loan scheme which will be targeted at vulnerable people, including older people, who need assistance with repairs.

We intend to monitor both of the above areas closely to ensure value for money is being achieved.

Yours sincerely

A handwritten signature in black ink that reads "Christine Chapman". The signature is written in a cursive, flowing style.

**Christine Chapman AC / AM**  
Cadeirydd / Chair

Cc. Jocelyn Davies AM, Chair, Finance Committee



Pwyllgor Cymunedau, Cydraddoldeb a  
Llywodraeth Leol

Communities, Equality and Local Government  
Committee

**Ken Skates AM**  
Deputy Minister for Culture, Sport and  
Tourism

Bae Caerdydd / Cardiff Bay  
Caerdydd / Cardiff  
CF99 1NA

24 October 2014

Dear Minister

### **Welsh Government draft budget proposals, 2015-16**

Thank you for attending the Committee on 9 October 2014 to answer questions on the Welsh Government's draft budget proposals relating to culture and sport for 2015-16.

The Committee would like to draw your attention to the matters set out below, and looks forward to receiving your response, where appropriate, as soon as possible.

We note that the Finance Committee's consideration of the draft budget is structured around the four financial scrutiny objectives of affordability; prioritisation; value for money; and budget processes. We have applied these objectives to our considerations, where appropriate. A copy of this letter goes to the Finance Committee to inform its overarching consideration of the draft budget and it will also be published on our website.

## **1. Overall priorities**

We note the reductions in the draft budget in funding to the arts sector, museums, archives and libraries and media and publishing Spending Programme Areas. While we are aware that reductions in funding are inevitable within the context of existing financial constraints, we have some concerns about the impact of these reductions on the participation of disadvantaged groups in culture and heritage.

We believe that understanding the potential impacts of proposed changes to funding should form a crucial part of the budget planning process. As such, an assessment of these impacts should be undertaken by the Welsh Government before budget decisions are made. Against this background, we were encouraged to hear from you that the decision making process was “very structured” and involved extensive engagement with all sponsored bodies. You told us that all of the bodies “were asked to provide information based on scenarios for reductions to their budgets – indicating what the impacts would be, including impacts on the delivery of Programme for Government and equality considerations”. Your official provided a positive example of where this process had helped shaped your decision not to further reduce funding for the National Library.

## **2. The arts sector**

We note that the arts sector Spending Programme Area has been reduced from £33.8 million in 2014-15 to £32.9 million in 2015-16, a reduction of 4.1% in real terms. We have concerns about the impact of this reduction, in particular the reduction in funding for the Arts Council for Wales (ACW), on participation levels for more vulnerable groups, such as disabled people and lower socioeconomic groups. In seeking to respond to this issue, you told us that the correlation between participation and revenue funding is not clear, and that participation levels are “very much linked to a multitude of other factors”. You asserted that work emanating from the recent reviews into Culture and Poverty, and Arts in Education would help attract and engage new participants, including young people and families. We await this work with interest and will wish to follow up progress on this issue as part of our in-year scrutiny.

You also told us that the ACW remit letter will “reiterate the Government’s priorities to make sure that we militate against adverse impacts” on vulnerable groups.

The Draft Budget Narrative document states that additional funding has been provided to Arts and Business Cymru from within the Economy, Science and Transport budget for it to encourage “the business community to invest in the arts and to help the arts sector become more sustainable and more business focused”. You stated that Arts and Business Cymru is currently providing you with the key performance indicators describing what it intends to achieve with this funding. We would be grateful for sight of these in due course.

### **3. Museums, archives and libraries**

We note that the museums, archives and libraries Spending Programme Area has been reduced from £44.4 million in 2014-15 to £40.9 million in 2015-16, a reduction of 9.3% in real terms. Taking into account the reduction in the revenue support grant, we have concerns about the impact that the reduction in funding for CyMAL of approximately 12-13 per cent, will have on the support provided by local authorities to their libraries.

To address this, your official told us that co-location of some libraries would be considered, to “maintain and, hopefully, increase visitor numbers in the library sector”. In addition, you told us that a “major part” of CyMAL’s work next year will be to continue helping local councils to “repackage” their library services, where possible.

We look forward to the forthcoming report on the Expert Review of Public Libraries in Wales and to your response to our report. We note that CyMAL is currently collecting information on local authorities’ current funding position in respect of museums, libraries and archives. We would like you to provide us with details of this, and of how this will influence Welsh Government budget allocations and policy.

### **4. The historic and natural environment**

You told us that the reduction in allocation for the historic and natural environment Spending Programme Area “reflects ambitions for Cadw’s income to increase” as a result of projected increases in visitor numbers. You also reported your intention to look at digital donations in free-to-visit unstaffed sites as a means of increasing revenue receipts. We would be keen to receive further details about this work as it progresses.

You told us that, despite the reduction in funding, you believed that Cadw sites would be able to attract more visitors from disadvantaged groups, in particular as a result of the work emanating from Culture and Poverty and Arts in Education reviews. You also told us that the Open Doors scheme and affordable entry prices to Cadw sites played an important role in widening access. We would be grateful for confirmation as to how these schemes are provided for in the draft budget.

We are pleased to hear that arrangements are in place to monitor visitors to Cadw sites by socioeconomic groups. We seek clarification on whether, and if so how, the available data will be used to monitor the impact of changes to funding for Cadw on visitor numbers by socioeconomic group.

### **5. Media and publishing**

We note that this is the second year of reduction in funding for the Welsh Books Council (WBC) and that the proposed reduction is £100,000 more than was set out in the indicative 2015-16 figures. While acknowledging that this represents a significant challenge to the WBC, you asserted that you are “confident that [it] would be able to continue to support the publishing industry in both languages”. We would welcome clarification of the grounds on which you made this assertion.

Your official told us that you had discussed priorities with the WBC and would be holding further discussions about how it will cope “in terms of reducing the impact on services”. These would be reflected in the WBC’s Remit Letter 2015-16. On a related note, you agreed to provide us with details on the changes to the commissioning procedure.

## **6. Sports and physical activity**

We are aware that, in the latest *Programme for Government* update, the Welsh Government has acknowledged the need to do more to increase physical activity. We are also aware of the significant reductions in local government funding and the implication of this for the provision of non-statutory services such as leisure facilities. Taking account of these, we have some concerns about the reduction in revenue for the sports and physical activity Spending Programme Area.

You told us that you were in the process of developing an on-line toolkit for to local authorities and community groups, with the aim of providing the “information and support required to maintain sports and leisure facilities”. We look forward to the publication of the toolkit and would welcome information on how you intend to monitor its usage and effectiveness.

Finally, we would like figures on the difference in participation levels in sport and on spending in sport between genders.

Yours sincerely



**Christine Chapman AC / AM**

Cadeirydd / Chair

cc Jocelyn Davies AM, Chair, Finance Committee