

Agenda – Communities, Equality and Local Government Committee

Meeting Venue:	For further information contact:
Committee Room 2 – Senedd	Sarah Beasley
Meeting date: Thursday, 21 January 2016	Committee Clerk 0300 200 6565
Meeting time: 09.00	SeneddCELG@Assembly.Wales

1 Introductions, apologies and substitutions

2 Scrutiny of Welsh Government draft budget 2016/17 – Minister for Communities and Tackling Poverty and Minister for Finance and Government Business

(09.00 – 10.30)

(Pages 1 – 82)

Lesley Griffiths AM, Minister for Communities and Tackling Poverty

Jane Hutt AM, Minister for Finance and Government Business

Jo Salway, Deputy Director of Strategic Budgeting

Amelia John, Deputy Director, Fairer Futures

Eleanor Marks, Communities Division, Deputy Director

John Howells, Director of Housing and Regeneration

Break (10.30 – 10.45)

3 Scrutiny of Welsh Government draft budget 2016/17 – Deputy Minister for Culture, Sport and Tourism

(10.45 – 11.45)

(Pages 83 – 117)

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

Manon Antoniazzi, Director, Tourism, Culture & Sport

Huw Davies, Head of Finance, Tourism, Culture & Sport



4 Papers to note

(Pages 118 – 121)

5 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting

6 Scrutiny of Welsh Government draft budget 2016/17: Minister for Communities and Tackling Poverty, Minister for Finance and Government Business and Deputy Minister for Culture, Sport and Tourism – discussion of evidence

(11.45 – 12.00)

7 Consideration of LCM on the Housing and Planning Bill: enfranchisement and extension of long leaseholds

(12:00–12:15)

(Pages 122 – 129)

8 Scrutiny of Welsh Government draft budget 2016/17: consideration of draft letters to the First Minister of Wales and the Minister for Public Services

(12.15 – 12.30)

(Pages 130 – 141)

Document is Restricted

1. Introduction

This paper provides comments and information to the Committee regarding the Communities and Tackling Poverty (CTP) portfolio and future programme budget proposals outlined within the Draft Budget which was laid on 8 December 2016. These proposals reflect the present extent of the portfolio, including Housing and Regeneration.

As requested by the Committee, Annex A provides a breakdown of the Draft Budget figures for the CTP Major Expenditure Group (MEG), by Action and by Budget Expenditure Line (BEL) within each Action

2. Background

The 2016-17 indicative baselines are derived from the 2015-16 First Supplementary Budget with non-recurrent changes excluded. The non-recurrent funding in Revenue DEL was £4.9m in respect of Homelessness and in Capital DEL was £120.020m, mainly in respect of 'Help to Buy'. The total changes proposed for the CTP MEG in 2016-17 is a reduction of £3.022m, all in Revenue DEL.

The following tables show the overall effect on the CTP Departmental Expenditure Limit (DEL) baseline budget.

Summary Financial Tables:

CTP MEG	2015-16 Supp. Budget £000	2016-17 Indicative Budget £000	2016-17 Changes £000	2016-17 New Plans Draft Budget £000
Resource DEL	341,514	336,614	-3,022	333,592
Capital DEL	395,420	275,420	68,311	343,731
DEL Baseline	736,934	612,034	65,289	677,323

Within the overall CTP MEG, the specific elements for the Committee are Communities, Equality, Housing and Regeneration. The budgets for those elements are summarised in the table below.

Supporting Communities and People	2015-16 Supp. Budget £000	2016-17 Indicative Budget £000	2016-17 Changes £000	2016-17 New Plans Draft Budget £000
Resource DEL	216,130	211,230	-2,076	209,154
Capital DEL	384,470	275,420	65,311	340,731
DEL Baseline	600,600	486,650	63,235	549,885

3. Budget Overview

In preparing for future financial restraints, we have sought to target investment to maintain the focus of our spending plans on our main priorities of: health and health services; growth and jobs; educational attainment; and supporting children, families and deprived communities. This paper primarily covers the latter priority.

Despite the challenges presented by the late timing of the UK Spending Review, we have used planning for the Draft Budget 2016-17 as an opportunity to look ahead to target investment in sustainable outcomes and adopt the five key ways of working established by the Well-being of Future Generations Act. The Act provides public bodies with a shared purpose through the establishment of seven well-being goals for Wales, and the five key ways of working ensure that public bodies take a long-term perspective when making decisions; that they consider what actions are required to prevent problems arising in future, or to prevent current problems from getting worse; that they take an integrated and collaborative approach to decision making; and that they involve users in the planning and delivery of services.

4. Programme for Government

Back in 2011, we put forward the most ambitious and comprehensive Programme for Government since devolution, which now includes 547 separate commitments covering the breadth of the services we are responsible for. We did so in the knowledge that the outlook for public finances was challenging.

Dealing with austerity has been a major test for the Welsh Government and devolution as a whole, but we have delivered by maintaining a firm focus on

delivery and supporting those most in need. We have done this through setting four overarching priorities on behalf of the people of Wales, on health and health services, educational attainment, growth and jobs, and supporting children, families and deprived communities. On each of these key priorities, we have focused our resources in order to make a difference to people's lives.

As a Government we have also remained committed to the principle of transparency so this Government can be judged on its record. Since 2011 we have published an annual report to provide a transparent account of what is being done and what is being achieved against our 547 commitments measured by 336 outcomes and performance indicators.

We published the final Programme for Government annual report in June 2015 which showed that more than 95 per cent of our commitments have either been delivered, or are on track to be delivered.

The Department has a number of specific priorities which reflected and supported the delivery of the Programme for Government, some of which are ongoing in 2016-17 and are covered in more detail in the policy sections below:

- tackling poverty and promoting community resilience including the Communities First Programme;
- mitigating the impact of welfare reform;
- increasing financial and digital inclusion, including Advice Services, Credit Unions and the Discretionary Assistance Fund;
- supporting families and children, in particular through Flying Start and Families First;
- supporting the development of the Third Sector, enhancing its strategic relationship with Government and sustaining its ability to contribute to community cohesion and tackling poverty;
- preventing homelessness
- increasing the supply of affordable housing in Wales;
- tackling the problem of empty homes
- increasing the quality of the housing stock in Wales;
- enabling more people to remain in their own homes for longer, and free up pressures on our health and social service portfolios;
- developing vibrant, viable and safe communities for the people of Wales to live in, enjoy and contribute to their longer term well being and prosperity; and
- promoting equality and inclusion and the rights of children and young people.

As an example, we are making excellent progress towards delivering 10,000 affordable homes in Wales over this Assembly term with 9,108 delivered in the first four years of this five year government. Our Houses into Homes programme

has brought more than 7,500 long-term empty homes back into use against the target of 5,000 in just four years of this five year term. By protecting vital programmes such as the Supporting People programme we have recognised the important contribution that social care has on the most vulnerable, whether through reasons of old age, disability or the need to safeguard children. This programme not only provides housing-related support for some of Wales' most vulnerable and socially excluded it also helps individuals and families who are homeless or at risk of becoming homeless to find and keep their home and live independently, as well as making a key contribution to our Tackling Poverty agenda. The programme is an example of action which can be taken to prevent or reduce the need for more costly interventions by the NHS and/or social care. It helps individuals and families and, in some cases, supports people who fall into the criminal justice system

Budget allocations have drawn heavily on evidence drawn from research and evaluation programmes. We are placing an increasing emphasis on Results Based Accountability (RBA) which is driving the way in which we work more generally. For instance, the Supporting People Longitudinal Study will be a source of independent research enabling us to evaluate the achievements of the programme and develop our understanding of its short and long term impact on the people and communities of Wales. The emerging findings from our feasibility study, which used data from the Supporting People programme and NHS data in two local authority areas were very encouraging. The report shows an overall long term reduction in the use of GP services by the majority of user groups after they had received support from the programme; similar patterns were seen in the use of Accident and Emergency Departments by some user groups.

We are also developing a more strategic approach to evaluating how we deliver on health learning and poverty outcomes right across the portfolio. This will include closer integration of programmes previously developed within separate Ministerial portfolios.

5. Key policies

Tackling Poverty

The contribution to Tackling Poverty was an explicit factor in deciding the changes to be made between the indicative budget for 2016-17 and the draft budget. There is a strong emphasis on ensuring that the right priorities are the focus of sustained attention to improve outcomes for low income families and we achieve the targets set out in the Tackling Poverty Action Plan. An important part of this is bringing together different stakeholders from the public, private and Third sectors to ensure resources and expertise are maximised. This is key to ensuring priorities are shared by partners, interventions are complimentary and duplication is avoided. The budget of £140,000 for this purpose is being

maintained. To improve budget efficiency, activities supported under the Welfare Reform BEL will merged within the Tackling Poverty BEL. The budget will be maintained at 2015/16 levels, with £79k recurrent grant for welfare training for Local Authorities transferring to the Tackling Poverty BEL.

Communities First

The Communities First Programme is a key programme within the Tackling Poverty Action Plan. Changes to the programme implemented in 2012 included reducing the number of Communities First areas from over 150 to the present 52 Clusters, managed by 19 Lead Delivery Bodies (LDBs). This has enabled much greater sharing of resources and reduced administration costs, in line with previous recommendations of the Wales Audit Office and Public Accounts Committee. The Clusters include all of the 10% most deprived communities in Wales (based on data from the Welsh Index of Multiple Deprivation 2011) together with some neighbouring areas. 24% of the population of Wales live in a Communities First area, but the focus of the Programme now is very clearly on the most deprived people in those areas, so resources are targeted to those in greatest need.

In line with our commitment to Tackling Poverty, we have protected funding for the Communities First programme. This programme makes an important contribution to deliver improvements in health, education and economic outcomes within the 10 per cent most deprived areas in Wales with the long term aim of contributing to alleviating persistent poverty. In line with our principle of prevention this programme focuses on raising Educational Attainment, improving Health and Well-being, and increasing prosperity and employment, with a particular emphasis on reducing youth unemployment.

The Communities First infrastructure has been used extensively as a platform for other programmes and activities, enabling them to reduce their own costs and enabling key partners to engage more directly and effectively with deprived communities and make a stronger impact more quickly. Examples have included piloting of “Add to Your Life” (the Welsh Government’s health and wellbeing check for the over 50’s) and development of sports-based work in communities by StreetGames. It will also fully maintain its commitment to the Lift Programme which is being delivered in nine areas, based on twelve Communities First Clusters, across Wales.

The Lift Programme reflects the commitment in the Welsh Government’s Tackling Poverty Action Plan to provide 5,000 training and employment opportunities for people living in workless households, by the end of 2017. Lift has been highly successful and recently passed the half way milestone of providing 2,500 opportunities to people from workless households. As at 31 October, 2,572 training and employment opportunities had been provided, including 472 people

supported into employment. It utilises the main Communities First programme infrastructure to reduce administrative costs and ensure Lift programme resources are concentrated on supporting the Programme's clients to the maximum possible extent.

Communities for Work, a Welsh Government Programme, supported by the European Social Fund (ESF) to deliver employment support services in all 52 Communities First Clusters in Wales, operates as a very substantial complementary operation, fully integrated with existing Communities First activity in each Cluster. Communities for Work provides support for unemployed people within Clusters to return to work, proactively engaging with beneficiaries furthest from the labour market. The first phase has been approved by the Welsh European Funding Office and provides a £30m investment in employment support in the 52 Communities First Clusters – this includes £18m of European Union funds. The second phase of Communities for Work was approved on 14 October 2015 and provides £11.2 million investment in employment support for 16-24 year olds that live in a Communities First Cluster in Wales – this includes £6.8 million of European Funds.

Communities First Clusters report delivery against an Outcomes Framework under three priorities – Prosperity and Employment; Learning and Fulfilling Potential; & Health and Well-being – and a set of related key performance measures. Monitoring of the performance measures reported by Clusters and LDBs will enable the LDBs themselves and officials to compare delivery as well as spend across all clusters. Reported results have improved year on year and national performance data for 2014/15 for key performance measures has been published. Improvements in reported outcomes support priorities across a broad range of WG activity, particularly in Health and Education portfolios. In 2014/15 CF Clusters reported:

- 3,534 people moved into employment
- 11,050 children improved academic performance
- 6,043 improved school attendance
- 14,981 increased physical activity
- 3,761 participated in sport once a week.

The performance measures in Communities First (as well as Families First and Flying Start) will be disaggregated where possible to give a fuller breakdown of beneficiaries by protected characteristic as well as the take up of provision offered through the medium of Welsh

An independent Process Evaluation of the Programme reported last February. It found challenges levelled at previous iterations of the programme have largely been addressed. The changes made to the design of this latest phase of the Communities First Programme (starting in April 2012) have, on the whole,

improved the chances of the Programme successfully meeting its aims and progress against these can now be effectively monitored.

In light of a changing policy and legislative context as well as anticipated financial constraint, 2016/17 is expected to be a transitional year for Communities First. For example the Wellbeing of Future Generations (Wales) Act 2015 with its focus on cohesive communities should have a substantial impact on how Welsh Government works with communities. This includes where Clusters have a higher than average proportion of Welsh speakers, minority ethnic groups or others with protected characteristics.

Early discussions with all 19 Lead Delivery Bodies have focussed on reorganisation of structures and staff resources to ensure value for money. There will continue to be close working with all LDBs with early identification of opportunities to redirect funding which might otherwise be under-utilised (for example as a result of staff vacancies) to projects and areas which are ready to deliver required outcomes. On this basis, LDBs are expected to achieve outcomes very similar to those predicated in their current Delivery Plans and there should also be scope to prepare for and signal the future direction of travel for the programme and related work with communities. This might, for example, include increased working with the Private Sector and Third Sector, or building on the model already being piloted by the Young Foundation, encouraging communities to develop innovative approaches and backing the most successful.

Focusing on core activities will lead to the deeper incorporation into the core CF programme of outcomes currently associated with the Pupil Deprivation Grant match fund. Removal of a distinct element for the match fund is intended to build on delivery, further embed close working as a central premise, rather than a potential 'bolt-on', whilst reducing sometimes disproportionate burden associated with a relatively small-scale grant.

Welfare Reform

The Welsh Government's assessment of the impact of welfare reform, which focuses on working-age people, estimates annual benefit and tax credit entitlements in Wales will be reduced by around £900 million in 2015/16. To put this overall loss into context, benefit and tax credit expenditure and gross disposable household income are estimated to be around £6 billion and £45 billion respectively in 2015/16.

Around half of this loss is due to the way benefits and tax credits are uprated¹. Other large financial losses arise from a reduced caseload under Personal

¹ Includes: Switch to uprating most benefits and tax credits by CPI (rather than RPI or the Rossi Index), 1% cap on most working-age benefits and tax credits (excluding disability and carers benefits) and Child Benefit, increasing LHA rates by the 30th percentile of local market rents rather than the median (included in LHA reforms 2011-12), and increasing LHA rates by CPI rather than the 30th percentile of local market rents.

Independence Payments (PIP) compared to Disability Living Allowance (DLA) and the time-limiting of contributory Employment and Support Allowance (ESA) to one year for those in the work-related activity group. By contrast, some of the Housing Benefit (HB) reforms and the Household Benefit Cap result in much smaller total income losses in Wales.

Even after taking account of the impact of changes to pensions and personal taxes, the Institute for Fiscal Studies (IFS) estimate the annual loss in Wales will be over £700 million in 2015/16.

Whilst the Welsh Government cannot meet the shortfall created by the welfare reform changes, as set out in our Programme for the Government, the Welsh Government is committed to take action to mitigate the impacts of the reforms, across Government, as far as they can within the context of reducing budgets. This includes support provided to Local Authorities via the Homelessness prevention budget, which supports the implementation of the new homelessness legislation. Preventing homelessness often means helping people deal with the problems caused by, for example, rent arrears, within which reductions in Housing Benefit, or delays in receiving it, can feature.

Some of the mitigation is being funded from within the Communities budget, such as additional funding to support front-line advice and support on issues relating to welfare benefits, as outlined in the sections on Financial Inclusion and Digital Inclusion below.

New eligibility criteria will need to be developed for passported benefits are administered by the Welsh Government given the UK Government's changes to benefits and tax credits. There may be financial implications for the Welsh Government budget as a result of the new eligibility criteria. We are in the process of assessing such implications.

Equality and Inclusion

We have protected the budget for our Equality and Inclusion Grant (EIG), which supports Children, Families and Deprived Communities through its commitment to tackling poverty, ensuring social justice and equality of opportunity. Funding in 2016-17 will continue to support the projects awarded three year funding from April 2014. The EIG supports our Strategic Equality Plan objectives in aiming to tackle poverty, with its emphasis on prevention and early intervention to enable people to address inequality and work towards greater equality of opportunity and outcome.

Funding of £0.2m for Community Cohesion has also been maintained, with the programme aiming to increase collaboration between Local Authorities, Community Safety Partnerships, Communities First Partnerships and third sector organisations. Community Cohesion also works to achieve greater participation

in community life and greater equality of opportunity for groups that are often seldom heard, including Gypsies, Travellers, migrants, asylum seekers and refugees, thereby supporting communities who often suffer from inequality of opportunity.

Financial Inclusion

The Financial Inclusion budget line supports areas of work relating to Credit Unions, Advice Services and the Discretionary Assistance Fund. These are important elements of the refreshed Financial Inclusion Strategy which is currently out to consultation. The strategy sets out how we aspire to work with partner organisations, both within Wales and at a UK level, to reduce financial exclusion.

In March 2014, we committed £1.9million of funding, tapered until March 2017, to support the Credit Union movement. This ongoing support has been given to Credit Unions so they are able to provide services to our most financially excluded members of society, while continuing to improve their own sustainability. As at September 2015 (half way through the project), the funding has enabled the fifteen Credit Unions involved in the project to provide over 14,600 loans to financially excluded individuals at a value of £11.3m.

We recognise sustainability is a key issue for Credit Unions and, whilst they are independent organisations, we have established the Credit Union Collaboration Group to facilitate this process. Due to our tapering of funding, collaboration (with the aim of supporting sustainability) is now more important than ever with issues such as payroll and the systems Credit Unions use being key. Mergers may be a possibility here and we have been supportive of them when they are in the interests of the Credit Unions and their members. However, we recognise individual Credit Unions must make the decision whether a merger is in the interest of its members. Earlier this this year, we supported the merger of Hafren Credit Union and North Wales Credit Union, which will bring some much needed stability to the operation in Newtown, and will ensure continued Credit Union presence across Powys. The Credit Union will also work with other Credit Unions in the area.

We have continued our funding of advice services to support many people in our communities who are being impacted by Welfare Reform and who are most likely to be living in poverty. Therefore, subject to further close monitoring and to final budget decisions, I propose to maintain the current level of funding for advice services in 2016-17 as the impact of some of this funding is shown in the following paragraphs. The work of the National Advice Network is also continuing with work on a Quality Standards Framework being taken forward along with mapping of advice services.

Under advice services, we have supported the Better Advice: Better Lives (BABL) Scheme run by Citizens Advice (£2.2m per annum) which provides advice on benefit take up. In the first half of 2015/16 the scheme has assisted more than 9000 people with a confirmed benefit gain in excess of £10m. For the first three years of the scheme, between 2012 and 2015, BABL has helped almost 60,000 people bringing in confirmed benefit gains of more £52million. The evaluation of the Scheme was published at the end of November. It found BABL has had a significant positive effect on those who access the services it supports, particularly the outreach Better Advice Better Health strand which reaches individuals who would be unlikely to access the advice they need from any other source or agency.

In addition to BABL, we have provided funding through our Frontline Advice Services Grant (£2 million in 2015/16) which helps advice services provide support on issues relating to welfare benefits; debt and housing. In 2014/15 this enabled organisations to respond to over 30,000 requests for information and advice, securing almost £6.5 million in income gains. In the first half of 2015/16, more than 26,500 requests have been responded to, securing almost £5 million in income gains. An evaluation of the Frontline Advice Services Grants is currently ongoing.

The demand led Discretionary Assistance Fund (DAF) has continued to support those most in need. The DAF provides emergency assistance to between 1,500 and 2,000 people each month. Awards made from the Fund in the first two years (13/14 & 14/15) totalled almost 57,500 with total spend £14.8m. In the third year of the scheme, to date (as at the end of October 2015) more than 16,000 awards were made totalling approximately £3.74million.

The Financial Inclusion budget for 2016/17 includes provision for continuation of the Fund. However, the impact of the cuts in the Financial Inclusion budget will fall on the DAF. The grant budget for the Fund will need to be reduced resulting in less funds available to individuals in this demand led scheme. However, if demand and eligible applications remain the same, the revised 16/17 grant budget would be sufficient to cater for this. It will be important to monitor external influences on the Fund such as the impact of Welfare Reform and, more specifically, the roll out of Universal Credit.

Digital Inclusion

Budgetary support for Digital Inclusion activities will be £1.250m in 2016-17. At face value, this looks like an increase compared to last year. However, this is not the case as last year's digital inclusion funding was provided through the deployment of ERDF income, which is no longer available. This budget will enable the continuation of the Welsh Government's £1m per annum dedicated Digital Inclusion Programme, Digital Communities Wales. This helps tackle

digital exclusion by working in partnership with organisations which are well placed to reach the most digitally excluded groups in society (older and disabled people, those living in social housing, the unemployed and working age economically inactive). The support provided includes helping organisations engage more effectively with digitally excluded clients; recruiting volunteers; front line staff training; and co-ordinating activities. The programme will contribute to meeting the challenging 2017 targets set out in our Digital Inclusion Delivery Plan (updated in August 2015) and will form a key part of the refreshed Digital Inclusion Framework and Delivery plan to be published in the New Year.

Third Sector

The Third Sector Scheme (2014) renews Welsh Government's commitment to provide core funding for Third Sector infrastructure bodies across Wales, principally Wales Council for Voluntary Action (WCVA), County Voluntary Councils (CVCs) and Volunteer Centres. The Scheme incorporates our Code of Practice for Funding the Third Sector which sets out 17 Principles and advice on the range of ways in which Welsh Government provides funding. The Infrastructure bodies work closely with each other and ensure consistent advice and guidance is readily available to voluntary organisations and individual volunteers anywhere in Wales. The Third Sector Infrastructure budget covers this work, together with grants to support volunteering, the Criminal Records Unit within WCVA and core funding for the Community Foundation in Wales.

This work will continue in 2016/17 but, in line with the outcomes of a recent review, there will be a stronger and more consistent link to public services, collaborative working across Wales and a fairer mechanism for funding.

Support for volunteering is a key feature of the Infrastructure. The two existing Volunteer grant programmes (Volunteering in Wales Fund and GwirVol) will come together to form one scheme which will ensure a more coherent approach and deliver efficiencies.

The Infrastructure bodies will continue to be involved, and support Third Sector and community organisations and volunteers, in the redesign and delivery of public services. Similarly, they will have a key role in work with community and Third Sector organisations around the new key legislative and policy developments, including the Future Generations (Wales) Act 2015, Social Services and Well-Being of Future Generations Act (Wales) 2015, Local Government Act 2015 and the Welsh Government's Principles for Working with Communities.

Welsh Government officials will, during the course of the next year, continue to have conversations with WCVA and CVCs about closer collaboration and possible mergers to ensure CVCs are equipped to support the involvement of

community and Third Sector organisations in shaping the changing nature of public service delivery going forward. We will, however, continue to have due regard for the independence of these organisations.

Discussions are also underway about future funding arrangements for support on safeguarding for Third Sector organisations. Third Sector organisations must be well governed, particularly where they work with children, young people and vulnerable adults. Our discussions with Third Sector organisations and others suggest awareness raising and training, closely linked to the work of Safeguarding Boards, is the right way to ensure Third Sector organisations continue their work with our most vulnerable citizens of all ages. The previous pattern of funding for this work, focussed primarily on formal Criminal Records checks, is no longer appropriate and discussions will continue with the Health and Social Services Department to ensure the needs of the Third Sector are taken into account within wider structures and patterns of support.

Overall, these changes will take account of the reduction in the Third Sector Infrastructure budget from £6.805million in 2015/16 to £6.125million in 2016/17. Proposals for 2016/17 have been developed, along the lines I have outlined, and are currently being appraised.

The reduced budget will impact on the Infrastructure bodies, many of which are also being affected by reductions in funding from Local Authorities or other income streams. Care will be taken to ensure reductions are distributed appropriately and fairly.

Supporting People Grant

The Supporting People Programme is a key part of the implementation of the Welsh Government's policy for Preventing Homelessness which supports reducing use of the NHS, long term use of Social Services, tackling poverty and initiatives to help get people into education or employment. The Programme is used to fund housing related support to vulnerable people. Further evidence of the Programme's benefits for health services has been obtained. As mentioned earlier, the emerging findings from our feasibility study show an overall long term reduction in use of GP services by the majority of user groups after they had received support from the programme with similar patterns seen in the use of Accident and Emergency Departments by some user groups.

Given the importance of this budget we have protected it. The budget is £124.488 million for 2016-17. Deploying the budget as effectively and as efficiently as possible is the responsibility of Local Authorities working with partners through Regional Collaborative Committees and other local collaborative working as they are best placed to determine local needs and priorities. We are continuing to explore with the National Advisory Board, with Regional

Collaborative Committees and with individual Local Authorities the opportunities for the development and delivery of more integrated services by housing, health and social services

We measure the performance of our Supporting People Grant interventions in a number of ways. Firstly, by considering information submitted by Local Authorities to identify how they are spending the grant. Secondly, by collecting a range of aggregate data which outlines how outcomes are being achieved by the people accessing the support. These include measures such as 'feeling safer', 'managing money' and 'managing accommodation' in addition to 'feeling physically healthy' and 'feeling mentally healthy'. We have now agreed a programme of work with representatives from the voluntary sector and Local Authorities leading to collection of more consistent and robust data in future. My officials have also undertaken reviews of the programme management and service delivery in Local Authority areas. Reviews of all 22 Local Authorities have now been completed. These reviews have proved beneficial to all parties and are helping to further improve the way the Programme operates.

Our new legislation in Part 2 of the Housing (Wales) Act 2014, which places a duty on Local Authorities to prevent homelessness, came into force in April 2015. It was supported by updated guidance and an extensive programme of training, which covered more than 600 staff in Local Authorities and Third Sector organisations. Additional action has been taken to improve the support available to prisoners before release and a national Pathway has been developed to ensure a more co-ordinated approach between the range of organisations involved, including Local Authorities. The Pathway clarified the roles and responsibilities and expectations of the various organisations in delivering services and support. It has two parts; one for adults and another for young offenders. An independent evaluation of the new legislation is being commissioned.

In addition to the role the Supporting People programme plays in preventing homelessness, we have a dedicated budget to support projects, including independent, nationwide, services and support. The budget of £6.2 million for 2015-16 was supplemented by additional funding of £4.9 million to provide additional support to Local Authorities to make the transition to the new legislation. This year, the budget will be £5.907 million. This will be supplemented during the year by additional allocations to support Local Authorities with the additional costs of the second year of implementing the new homelessness legislation, the cost of which will be managed within my portfolio.

Care & Repair Agencies and Tenant Participation

Care & Repair Agencies continue to make a vital contribution to independent living. The adaptations they make to people's homes enable them to live safely and as independently as possible. As such, they help to reduce the need for health

and social services. They help to prevent falls and thus unplanned admissions to hospital. The funding is provided from the Independent Living budget. This has been set at £5.159 million for 2016-17 but is the result of amalgamating three budget lines (£4.056 million for Care & Repair; £0.432 million for the Rapid Response Adaptions Programme, and the £1.252 million Housing Policy Development budget, which has supported a range of action including core funded organisations for work on tenant participation, and equality, the implementation of legislation, and the regulation of Registered Social Landlords. The combined budget line for 2016-17 reflects a reduction of 10 per cent from total funding in 2015-16. Front-line Care & Repair agencies are the priority for this budget. The precise sum to be allocated will be determined after consideration has been given to the fewer number of agencies which exist after mergers and the other demands on the budget from implementing legislation.

As a result of research commissioned by the Welsh Government, a multi agency task group was asked to design and develop an enhanced system for delivering adaptations to people's homes. This work is nearing completion and the enhanced system will be in place for 2016-17. Helping people to live safely in their own homes for as long as possible is one of our priorities. Adaptions to people's homes make this possible, preventing unplanned admission to hospital, for example, as a result of a fractured hip caused by a fall. This and the fact adaptions can also help people to return to their homes quicker after hospital treatment, helps to reduce the demand on the NHS. The enhanced system will be boosted by an extra £4 million in its first year. This will make a very real difference to the quality of life for many people by enabling them to continue living as independently as possible in heir own homes.

The Welsh Government has provided core funding to two tenants organisations over this term of Government. The funding has reduced in recent years as a result of budget pressure. The proposals from the organisations are being assessed and core funding is expected to continue to be provided albeit probably at a reduced level as a result of the further cuts which have had to be made to the budget. Research commissioned by the Welsh Government has pointed to the need to reconsider the support needed for tenant participation in terms of value for money, with developments towards a position of one provider instead of the current two providers. Arrangements for this are expected to be taken forward during 2016-17 while core funding continues to provide support for tenants. In addition to the two organisations, a Tenant Advisory Panel has been supported. This has supported the Regulation Advisory Board which oversees the Regulation of Registered Social Landlords. A new, fully independent Board is being formed for 2016-17 onwards but it will continue to be supported by the Tenant Advisory Panel.

Part 1 of the Housing (Wales) Act 2015 has benefits for people who rent their homes from the private sector. It will improve practices via the mandatory

registration and licensing of private landlords and lettings agents delivered by the Rent Smart Wales scheme. The new legislation came into force on 23 November 2015. The first year will be largely “light touch”, focusing on raising awareness and encouraging registration and licensing before enforcement becomes the main focus from November 2016. The scheme is designed to be self funding with fees charged by the Single Designated Licensing Authority – Cardiff Council – being used to cover the costs of running it. The Welsh Government is providing additional support in the early stages in line with the assessment of costs undertaken for the Act’s Explanatory Memorandum e.g. communications activities to raise awareness and encourage compliance. The costs of independent evaluation will also be funded by the Welsh Government.

Social Housing Grant and Housing Finance Grant

The Social Housing Grant Programme and the Housing Finance Grant provide funding to support the construction or refurbishment of affordable homes for rent (social and intermediate) and for equity share (homebuy). The increased funding we have allocated for 2016-17, will continue to be used to support a variety of different types of accommodation e.g. flats, bungalows, hostels, and refuges, which includes accommodation specifically designed for wheelchair users.

Then Social Housing Grant has been allocated £64.6million capital budget for 2016-17 and the Housing Finance Grant has a £4million revenue budget. This allocation reinforces our commitment to increase the number of the right type of affordable homes in Wales. We will continue to focus on increasing the number of smaller bedroom properties in Wales to help mitigate the impact of the UK Government’s welfare reforms. This increased budget will also enable us to continue to explore and support innovative ways of boosting the supply of affordable homes in Wales..

Affordable housing provided with grant funding is built to Design Quality Requirements (DQR) and to lifetime homes standards to ensure value for money is achieved. Performance is measured against the target of 10,000 affordable homes to be delivered in this term of government, with 9,108 additional affordable homes delivered in the first four years of this government. This increased budget means we will exceed the number of affordable homes we will be able to deliver and increase the societal and economic benefits house building brings.

Help to Buy - Wales

We have already invested over £170million over the past three years in our Help to Buy Wales scheme, which is designed to increase the supply of housing in Wales - helping first time buyers and existing home owners purchase a new-build property.

Over 3,000 applications for loans have been made and we have supported over 2,400 home purchases under our Help to Buy scheme. The scheme is helping to restore confidence in the construction sector and enabling more people to get on to the property ladder. We remain on course to support the construction of up to 5,000 homes during this phase of the scheme. During the building period, employment in the local community and surrounding area is also being supported through the build contract, providing jobs, training opportunity and apprenticeships. This is helping to sustain small businesses and support long term employment in the area.

The scheme is subject to robust review of detailed management information which covers builder activity, buyer activity, lender activity and general financial information. Given the success of the scheme to date these budget proposals demonstrate our commitment to extend the Help to Buy Wales scheme beyond March 2016.

Welsh Housing Quality Standards

Our investment in Welsh Housing Quality Standards (WQHS) aims to ensure all dwellings are of good quality and suitable for the needs of existing and future residents. The Welsh Government set a target for all social landlords to improve their housing stock to meet the WHQS as soon as possible, but in any event by 2020. Current statistical returns supplied by social landlords show 72% of their stock complied with the standard at 31 March 2015.

All Registered Social Landlords and Local Housing Associations are required to include social clauses in all procurement contracts where community benefits can be realised. – The outcomes are being tracked via Value Wales and the latest figures for £161 million worth of housing contracts let show 81% of this has been reinvested in Wales. 341 disadvantaged people were helped into employment or training and over 10,700 weeks of training was provided.

Vibrant and Viable Places (VVP)

The VVP Framework outlines our national regeneration objectives - everybody in Wales should live in well-connected vibrant, viable and sustainable communities with a strong local economy and good quality of life. It is aligned with the Communities First programme, sharing the outcomes of Prosperous Communities, Learning Communities and Healthier Communities.

The £100million main programme will be supported by a £7 million tackling poverty budget for a further seven communities in our most deprived areas. The £7million fund has been ring fenced for projects in the top 10 per cent most deprived areas in Wales and has been allocated to the local authorities for use in

specific areas - either a town or an area within a town or city. As well as these larger scale regeneration programmes, we have a wide range of other intervention such as Business Improvement District support, a Town Centre Loan Fund, grants for Town Centre Partnerships, the High Street campaign, and action on business rates. This regeneration framework demonstrates a clear emphasis on the regeneration of town centres across Wales.

Mid way through the programme it remains on track to deliver up to 2,000 new jobs, help regenerate our communities by facilitating the building of up to 2,500 new affordable and market homes, support nearly 300 businesses and lever in further investment of over £280 million .

The additional £12 million allocated to VVP under these budget proposals will enable us to expand the programme and deliver more projects to further enhance the transformative impact VVP is having on our town centres.

The evaluation of VVP is underway. We have a range of indicators against which Local Authorities must set forecasts and report performance.

Community Facilities

The Community Facilities Programme (CFP) is a discretionary grant scheme. Applications are invited on the basis of individual awards up to £500,000 being available. The restored budget of £10.95 million in 2016/17 is likely to mean an additional twelve to fifteen projects will benefit from funding. The CFP has a pipeline of projects currently in development which will require funding in 2016/17. This will enable the programme to achieve the maximum impact.

Gypsy and Traveller Sites

Gypsy and Traveller Sites Capital Grant funding will increased by £0.5m from the budget baseline of £1.5m to £2m in 2016-17. The Sites Capital Grant provides funding for the refurbishment of existing and the development of new Local Authority Gypsy and Traveller sites.

Changes to the budget should lead to the development of additional Local Authority Gypsy and Traveller sites, which will reduce homelessness amongst these communities. Wales has a significant undersupply of authorised Gypsy and Traveller sites which needs to be addressed. The scale of the need for additional pitches (each household unit within a site) has been estimated between 184-218 pitches by the Welsh Government and 301 by Local Authorities themselves. However, all local authorities are currently undertaking new Gypsy and Traveller Accommodation Assessments, which will provide a more accurate estimate of need for mobile home pitches.

Prior to April 2014, no local authority Gypsy and Traveller sites had been opened in Wales since 1997. This situation has led to a significant undersupply of pitches, evidenced by local authority Gypsy and Traveller accommodation assessments and the number of unauthorised encampments. However, Part 3 of the Housing (Wales) Act 2014 and increased funding to this budget in 2015-16 and 2016-17 is starting to address the shortfall.

An engagement exercise with Local Authorities identified the need for an additional £2m funding to support proposed projects during 2015-16. The total budget for 2015-16 of £3.5m has been fully allocated and should lead to the development of 25 new mobile home pitches and several refurbishment projects. This includes 11 new pitches in Torfaen, 10 new pitches in Neath Port Talbot and 4 new pitches at Conwy's first Gypsy and Traveller site.

A similar engagement exercise was undertaken in July 2015, which has identified reduced demand for additional funding in 2016-17 before the Housing (Wales) Act 2014 duties lead to subsequent additional demand for 2017-18 onwards. Therefore, an analysis of responses from July 2015 has led to a decision to increase this grant by £0.5m to £2m for 2016-17. Additional analysis will be undertaken to forecast demand in later budgets.

Welsh Government is establishing a data collection system to replace the existing Caravan Count which is intended to capture the long-term reduction in encampments as a result of new sites.

Welsh Government is proposing new Health Needs Assessments to capture the health inequalities experienced by Gypsy and Traveller communities. Changes in health access and outcomes over time should be captured by these assessments and compared to access to sites.

Local Authority Accommodation Assessments will continue to assess need for additional Gypsy and Traveller sites. The Welsh Government will continue to review these when analysing the need for Sites Capital Grant funding.

6. Equality, sustainability and consideration for the Welsh language

The budgets within CTP are underpinned by the central principles of sustainability, including long term thinking, prevention, collaboration, integration and involvement and all spending decisions have been impact assessed as set out in the accompanying Integrated Impact Assessment.

7. Preventative Spending

Preventative spend remains a key theme of this portfolio. Evidence suggests investing in early years development is one of the most financially sustainable and effective ways to tackle poverty, leading to better outcomes for the individual child as well as reducing the necessity for costly interventions in later years. This is why I have identified interventions to positively impact on the early years of life as the key priority in our efforts to tackle poverty (along with improving employability). This long-term view is consistent with the sustainable development approach embedded in the Well-being of Future Generations (Wales) Act.

In line with our principle of prevention the Communities First programme focuses on raising Educational Attainment, improving Health and Well-being, and increasing prosperity and employment, with a particular emphasis on reducing youth unemployment.

The Supporting People Grant is a key preventative spend programme which allows people to remain at home for longer and frees up pressure on the NHS and Social Services. For this reason we have decided to protect the Supporting People Grant which will remain at £124.4million for 2016-17.

The Homelessness budget of £5.907million supplements Local Authorities' statutory homelessness services. This is a reduction of £524,000 on the baseline budget for 2015-16 (excluding the one-off additional sum of £4.9 million for the first year of the new legislation). It is supporting Authorities to make the transition to the new legislation, which came into force in April 2015. Preventing homelessness in the first place is the core of the new legislation. The budget also funds a wide range of local and national projects, all of which are aligned to the prevention focus of the legislation.

The significant investment we make in increasing the number of affordable homes in Wales and working with our delivery partners to improve the quality of the existing stock of affordable homes are key elements of our approach to preventative spending. We are on course to deliver on our target of 10,000 good quality affordable homes which helps contribute to the tackling homelessness agenda. Providing a safe and warm home, as well as preventing homelessness, is vital for health and wellbeing especially in our poorest communities. Improving the standard of homes reduces the number of accidents within the home and improves the quality of the health of residents which can relieve pressure on our hard pressed health and social services. Our investment of £108 million per annum in the Welsh Housing Quality Standard requires social landlords to improve and maintain existing homes to this standard. This investment means people not only are able to live in decent homes, but society and the preventative spend approach benefit in other ways from this huge investment by the Welsh Government and social landlords. This includes jobs and training opportunities in

our poorest communities and a commitment to recycle the benefits in the local communities.

Funding in the draft budget for Independent Living of £5.159 million in 2015-16 is also preventative spend. It includes core funding for Care & Repair Agencies and coordinated action by Care & Repair Cymru. The agencies deliver adaptations to help people to remain in their homes and to live independently for as long as possible. Adaptations also help to prevent falls and thus reduce emergency admissions to hospital or entry into care homes. The funding also enables patients to leave hospitals sooner and return home by making the small scale adaptations they need and thereby freeing up hospital resources sooner. Following research commissioned by the Welsh Government, an enhanced adaptations system has been developed and will be rolled out in 2016. The extra £4 million of capital funding which has been allocated to the enhanced system for its first year will boost considerably the ability to help people to continue living safely in their own homes for as long as possible.

Welsh Government's continuing support for the Third Sector in Wales recognises thousands of voluntary and community organisations in every part of the country play a vital role in supporting individuals and groups, thereby reducing the burden on public services. Health charities and support groups, for example, provide support for people with a wide range of health problems who might otherwise be more reliant on the NHS. These organisations in turn require advice and support to ensure they are well run and sustainable. With increased focus on good governance and a steady increase in the regulatory frameworks which impact on voluntary groups, Welsh Government's Third Sector Infrastructure funding ensures that consistent and reliable advice is available to voluntary organisations and individual volunteers across Wales.

The monies provided to Advice Services is preventative funding, whether around debt advice or benefit take up. As highlighted above, this aims to ensure people are supported before they find themselves in a position where they have to seek other sources of help or even funding.

Our continued investment in Digital Inclusion is a prime example of preventative funding as it improves peoples' quality of life by helping people find work and making their money stretch further through cheaper and more accessible online goods and services. Digital services like 'skype' and online support groups can also help reduce isolation and aid independent living, thereby improving Health and Well-being and potentially reducing pressure on health budgets. Budgetary support will be maintained for Digital Inclusion activities at £1.250m in 2016-17. Our digital inclusion programme contributes directly to tackling poverty, as demonstrated by the recently extended digital inclusion targets set out in the Tackling Poverty Action Plan. Digitally excluded citizens are supported to obtain basic digital skills to help increase their chances of getting work and save money

by purchasing cheaper and more accessible online goods and services. Investing in a more digitally inclusive society is a prime example of preventative spend, which will enable more savings to be generated from increased use of digital public services.

In the longer term, the creation of more Gypsy and Traveller sites will have a positive knock on effect on Social Housing as it will free up more housing if Gypsies and Travellers are able to move onto a new site. Census 2011 showed Gypsies and Travellers were more than twice as likely to live in social housing as the overall population of England and Wales (41 per cent compared to 16 per cent).

8. Legislation

The Housing (Wales) Act 2015

MEG	Title of Act or Bill		Budget Action	Costs for Welsh Government in 2016-17 At Published RIA Stage or Enactment
	Bill Introduced into Assembly and RIA Published	Enacted		
Communities and Tackling Poverty		Housing (Wales) Act 2014	Part 1: Improve conditions in the private rented sector from the Independent Living Action	£10,000
			Part 2: Prevent homelessness from the Homelessness Prevention Action	£3,200,000
			Part 3: Meeting accommodation needs of Gypsies and Travellers from the Communities and Tackling Poverty Action	£1,540,000
			Part 4: Standards for housing provided by local housing authorities – WHQS – from the Achieve Quality Housing Action	£15,000
			Part 4: Standards for housing provided by local housing authorities – Rents & Service Charges from the Housing Revenue Funding Action	£7,000

			Part 5: Reform of Housing Revenue Account Subsidy system from the Housing Revenue Funding Action	£8,000
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The Renting Homes (Wales) Bill

Communities and Tackling Poverty	Renting Homes (Wales) Bill	-	Independent Living Action	£140,000
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Lesley Griffiths AM
Minister for Communities and Tackling Poverty

REVENUE BUDGET - Departmental Expenditure Limit							
SPA	Actions	BEL	2015-16 Supplementary Budget June 2015	2016-17 Baseline	Changes	Draft Budget 2016-17	
Supporting Communities and People	Third Sector	Third Sector	6,805	6,805	-680	6,125	
		Third Sector	6,805	6,805	-680	6,125	
	Tackling Poverty	Financial Inclusion		15,177	15,177	-1,250	13,927
		Digital Inclusion		0	0	1,250	1,250
		Research and Evaluation		250	250	-250	0
		Community Purposes		36,061	36,061	0	36,061
		Tackling Poverty Policy		140	140	78	218
		Tackling Poverty		51,628	51,628	-172	51,456
Total Supporting Communities and People			58,433	58,433	-852	57,851	
Equality and Inclusion	Equality and Inclusion	Community Cohesion	200	200	0	200	
		Equality and Inclusion Fund	1,816	1,816	0	1,816	
		Equality and Inclusion	2,016	2,016	0	2,016	
Total Equality and Inclusion			2,016	2,016	0	2,016	
Housing Policy	Supporting People	Supporting People Grant	124,488	124,488	0	124,488	
	Homelessness	Homelessness	11,331	6,431	-524	5,907	
	Independent Living	Independent Living		4,056	4,056	1,103	5,159
		Rapid Response Adaptation Programme		432	432	-432	0
		Independent Living		140,307	135,407	147	135,554
	Policy Development and Implementation	Policy Development and Implementation		1,252	1,252	-1,252	0
		Policy Development and Implementation		1,252	1,252	-1,252	0
Total Housing Policy			141,559	136,659	-1,105	135,554	

Pack Page 48	Homes and Places	Achieve quality Housing	Welsh Housing Quality Standards	100	100	-100	0	
			Achieve quality Housing	100	100	-100	0	
	Increase the Supply and Choice of Affordable Quality Housing		Housing Enablers	95	95	-95	0	
			Support for Social Housing	4,100	4,100	0	4,100	
			Increase the Supply and Choice of Housing	4,195	4,195	-95	4,100	
	Policy research and evaluation		Affordable homes	30	30	-30	0	
			Policy research and evaluation RENAME: Housing Revenue Funding	1,032	1,032	41	1,073	
			Policy research and evaluation RENAME: Housing Revenue Funding	1,062	1,062	11	1,073	
	Increase the Supply and Choice of Market Housing		Increase the Supply and Choice of Market Housing	30	30	-30	0	
	Regeneration		Implementation of Strategic Regeneration Areas RENAME: Regeneration Revenue Funding	1,945	1,945	95	2,040	
			Manage Delivery of Legacy Regeneration Areas	6,790	6,790	0	6,790	
			Regeneration	8,765	8,765	65	8,830	
	Total Homes and Places				14,122	14,122	-119	14,003
	Total Revenue - Communities and Tackling Poverty				216,130	211,230	-2,076	209,154

CAPITAL BUDGET - Departmental Expenditure Limit						
SPA	Actions	BEL	2015-16 Supplementary Budget June 2015	2016-17 Baseline	Changes	Draft Budget 2016-17
Communities and Tackling Poverty	Communities and Tackling Poverty	Community Facilities	6,000	10,950	0	10,950
		Gypsy Travellers	3,500	1,500	500	2,000
		Total Communities and Tackling Poverty	9,500	12,450	500	12,950
Housing Policy	Independent Living	Rapid Response Adaptation Programme	1,641	1,641	4,000	5,641
		Total Housing Policy	1,641	1,641	4,000	5,641
Homes and Places Page 49	Achieve Quality Housing	Major Repairs Allowance	108,000	108,000	0	108,000
		Housing General Support	37,470	37,470	0	37,470
		Renewal Areas	8,029	8,029	0	8,029
		Home improvements Loan	3,000	0	0	0
		Achieve quality housing	156,499	153,499	0	153,499
	Increase the Supply and Choice of Affordable Quality Housing	Social Housing Grants (HSG)	57,833	42,833	21,701	64,534
		Land for Housing	12,000	0	0	0
		Extra care	4,301	4,301	0	4,301
		Increase the supply and choice of Quality Housing	74,134	47,134	21,701	68,835
	Increase the Supply and Choice of Market Housing	Help to Buy Wales	71,000	0	26,310	26,310
		Help to Buy Wales	71,000	0	26,310	26,310
	Empty Properties Programme	Empty Properties Programme	10,000	0	0	0
		Empty Properties Programme	10,000	0	0	0

	Regeneration	Implementation of Strategic Regeneration Areas	49,808	49,808	12,800	62,608
		Manage Delivery of Legacy Regeneration Areas	0	0	0	0
		Local Authority Regeneration General Capital Funding	10,888	10,888	0	10,088
		Town Centre Regeneration	5,000	0	0	0
		Total Regeneration	65,696	60,969	12,800	72,696
Total Homes and Places			377,329	261,309	60,811	261,309
Total Capital - Communities and Tackling Poverty			384,470	275,420	65,311	275,420
Pack Page 50	Total DEL Budget Communities and Tackling Poverty		2015-16 Supplementary Budget June 2015	2016-17 Baseline	Changes	Draft Budget 2016-17
	Revenue DEL		216,130	211,230	-2,076	209,154
	Capital DEL		384,470	275,420	65,311	340,731
	Total DEL		600,600	486,650	63,235	549,885

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol

Communities, Equality and Local Government Committee

CELG(4)-02-16 Papur 1 Annexe A / Paper 1 Annexe A

MEG – COMMUNITIES & TACKLING POVERTY

Overview of the Portfolio

The overarching aim of the Communities and Tackling Poverty Department is to unite the work of the Welsh Government and its partners in tackling poverty and achieving a fairer, sustainable future for communities, families and individuals.

The work of the department has at its heart a central organising principle of sustainable development. By that we mean an emphasis on social, economic and environmental and cultural well-being for people and communities, embodying values of fairness and social justice and looking to the longer-term in the decisions that we make now, to the lives of our children's children as well as current generations.

Spend Profile

RESOURCE BUDGET - Departmental Expenditure Limit				£000s
SPA	2015-16 Baseline	Additional Allocations from Reserves	Budget Changes and Reprioritisation	2016-17 New Plans Draft Budget
<i>Children, Young People and Families</i>	125,384	0	-946	124,438
Supporting Communities and People	58,433	0	-852	57,581
Equality and Inclusion	2,016	0	0	2,016
Housing Policy	136,659	0	-1,105	135,554
Homes and Places	14,122	0	-119	14,003
Total Resource	336,614	0	-3,022	333,592
CAPITAL BUDGET - Departmental Expenditure Limit				£000s
SPA	2015-16 Baseline	Additional Allocations from Reserves	Budget Changes and Reprioritisation	2016-17 New Plans Draft Budget
<i>Children, Young People and Families</i>	0	3,000	0	3,000
Communities and Tackling Poverty	12,450	500	0	12,950
Housing Policy	1,641	4,000	0	5,641
Homes and Places	261,329	60,811	0	322,140
Total Capital	275,420	68,311	0	343,731

Communities and Tackling Poverty - Summary	2015-16 Baseline	Additional Allocations from Reserves	Budget Changes and Reprioritisation	2016-17 New Plans Draft Budget
Resource DEL	336,614	0	-3,022	333,592
Capital DEL	275,420	68,311	0	343,731
Total DEL	612,034	0	-3,022	677,323
Total Annually Managed Expenditure	0	0	0	0
Total - Communities and Tackling Poverty	612,034	0	-3,022	677,323

Key Changes to Spend

Revenue Main changes:

Third Sector – Reduced by £0.7m
Homelessness prevention – Reduced by £0.5m
Independent Living – Reduced by £0.6m
Financial Inclusion – Reduced by £1.5m
Additional £1.5m for Digital Inclusion

Capital Main changes:

Additional £26.3m to support a Phase II of Help to Buy Wales
Additional £21.7million to support further investment in affordable housing in Wales.
Additional £12.8million to support further investment through Vibrant and Viable Places.
Additional £4m to support Independent Living
Additional £0.5m towards new gypsy sites.

Communities and Tackling Poverty

Impacts

In applying sustainable development to the budget process within Communities and Tackling Poverty, decisions have been made that reflect the five ways of working under the sustainable development principle:

- *Collaboration* – recognising that many of the solutions to the ‘sustainability’ challenges Wales faces cannot be solved by one organisation. Maintaining our support for advice on sustainable development to all sectors will help in identifying opportunities for collaboration. We will also continue to pursue opportunities for collaboration across Government and with other partners, including the third sector, in order that programmes and services reach into the communities that most need them.

- *Integration* – our Flying Start, Families First and Communities First programmes have shared outcomes promoting prosperity and employment, learning and fulfilling potential, and health and well-being. They also help deliver objectives in our Strategic Equality Plan.
- *Long term* – investing in early years and family support, since the evidence is that this will have greater benefits in the long term.
- *Prevention* – seeking to tackle problems at source, rather than tackling the consequences of these problems at a later date. Prevention and early intervention is an approach which not only benefits people and communities but has the potential to generate long term cost savings. This approach is at the heart of our tackling poverty programmes, in particular Families First, and in our approach to tackling the inequalities experienced by those with protected characteristics.
- *Involvement* – recognising the importance of involving people in the decisions that affect them: for example community involvement is a key feature of the Communities First programme.

Prioritising the needs of the poorest and protecting those who are most disadvantaged and most vulnerable is critical, particularly in the current economic climate. The Strategic Equality Plan and Tackling Poverty Action Plan provide an important framework for these efforts. In particular, action to tackle poverty and action to reduce inequalities not only complement, but also build on one another.

Evidence shows that people with certain protected characteristics are at greater risk of living in low income households and initiatives which tackle poverty will therefore have a positive impact on those groups. We also know that certain ethnic minority groups, disabled people, lone parents (who are predominantly women) and younger people who are not in employment, education and training are more at risk of living in low income households. In particular, disabled people are disproportionately represented in both economically inactive and workless households. We will continue to identify opportunities to “dovetail” the Welsh Government’s Strategic Equality Plan with the objectives in the Child Poverty Strategy and our Tackling Poverty Action Plan, and support those children and families with certain protected characteristics. There is already a greater emphasis on monitoring the outcomes of those groups at risk of living in poverty and those with protected characteristics within the programmes within the Communities and Tackling Poverty portfolio.

Communities First

The Tackling Poverty Action is being maintained at cash-flat in this transition year.

Impacts

This programme makes an important contribution to deliver improvements in health, education and economic outcomes within the 10 per cent most deprived areas in Wales with the long term aim of contributing to alleviating persistent poverty. In line

with our principle of prevention this programme focuses on raising Educational Attainment, improving Health and Well-being, and increasing prosperity and employment, with a particular emphasis on reducing youth unemployment. Communities First is a key programme within the Tackling Poverty Action Plan. It delivers services via 19 Lead Delivery Bodies managing 52 Clusters which include the communities in the 10% most deprived Lower Super Output Area (LSOAs) (based on data from the Welsh Index of Multiple Deprivation 2011) and 24% of the population of Wales.

The Communities First clusters are based on the 10% most deprived communities in Wales according to the Welsh Index of Multiple Deprivation. They cover approximately a quarter of the Welsh population. Communities First clusters report delivery against an outcomes framework under three priorities: prosperity and employment; learning and fulfilling potential; health and well-being – and a set of related key performance measures.

There was an extensive consultation and engagement before the Communities First programme moved to its present shape, including with people with protected characteristics. There are quarterly meetings with LDBs, quarterly regional meetings with cluster managers and regular reviews of the cluster community involvement plans

Improvements in reported outcomes support priorities across a broad range of WG activity, particularly in Health and Education portfolios. In 2014/15 CF Clusters reported:

- 3,534 people moved into employment
- 11,050 children improved academic performance
- 6,043 improved school attendance
- 14,981 increased physical activity
- 3,761 participated in sport once a week.

Significantly, Communities First has supported the delivery of Pupil Deprivation Grant through match funding. Capturing and driving the outcomes within the core grant rather than as a bolt-on is intended to build on delivery and further embed close working as a central premise. This will have the added advantage of reducing sometimes disproportionate burden associated with a relatively small-scale grant. Focusing on core activities will lead to the deeper incorporation into the core CF programme of outcomes currently associated with the Pupil Deprivation Grant match fund.

Communities First will maintain its support and commitment to the Lift Programme, which is providing employment and training opportunities to people in workless households and those most likely to suffer from persistent poverty.

Crucially, the core infrastructure will remain in place across all 52 Cluster areas, providing a delivery platform for the ESF funded Communities for Work programme,

using our combined forces to work with people who are furthest away from the labour market. Typically this will include a disproportionate number of people with protected characteristics.

We propose to protect investment in certain shared outcomes projects including those with StreetGames and Citizens Advice Cymru. Streetgames works in our most disadvantaged communities, using sport as a means of engagement with young people (helping to deliver a number of outcomes as described above). Citizens Advice Cymru provides national co-ordination of the delivery of advice services in 36 Clusters across Wales, each delivered by the local CAB, to provide outreach support for Clusters. The nature of the work of these two organisations means that cessation of support would be likely to impact disproportionately on individuals with protected characteristics.

Financial Inclusion

A reduction in budget of £1.25m

Impacts

The impact of the £1.25m cuts within the Financial Inclusion Budget will fall on the Discretionary Assistance Fund. The grant budget for the Fund would need to be reduced in 16/17, resulting in less funds available to individuals in this demand-led scheme. However, the current level of spend in 15/16 is not predicted to reach the levels of what a revised 16/17 budget would be, so, if current demand/quality of applications remains the same, this amount is hopefully sufficient to ensure those who need the funds are able to access them. However, an unknown here will be the impact of Welfare Reform and, more specifically, the roll out of Universal Credit. Therefore, the budget will need to continue to be monitored closely, with amendments to eligibility a possibility if there is an increase in appropriate applications.

The DAF is available to all groups in Wales and statistics are recorded on age, ethnic origin, gender, disability, marital status and sexual orientation. As part of the contract the Partner Manager based at Family Fund, considers those groups that currently do not / have limited access to the Fund and work to raise awareness. This work is ongoing. To note, of those who chose to fill in the appropriate forms, in the second quarter of 15/16, 26% of people who were supported were aged between 6 and 24, 47% were 25-39 and 22% were 40-54. On sexual orientation, 93% of people stated they were heterosexual, with 3% gay/lesbian and 2% bisexual. In terms of disability, 15% of people supported said they had a disability or health related condition. The changes to the DAF budget will not affect the administration of the Fund, which is managed by Northgate Public Services

Alternatives for cuts within the Financial Inclusion budget would be around the support provided for advice services or credit unions. Taking advice services first, the budget in 16/17 is maintained as this work focuses on preventative action in

terms of providing advice on money management / debt and benefit take up issues. Impacts have been seen particularly on the amount of benefits gained as a result of the advice provided. The Frontline Grant provides £2m per annum and in 2014/15 this enabled organisations to respond to over 30,000 requests for information and advice, securing almost £6.5 million in income gains. In the first half of 2015/16, more than 26,500 requests were responded to, securing almost £5 million in income gains. Under the Better Advice, Better Lives project, with funding of £2.2m per annum, in the first half of 2015/16 the scheme has assisted more than 9000 people with a confirmed benefit gain in excess of £10m. For the first three years of the scheme, between 2012 and 2015, BABL has helped almost 60,000 people bringing in confirmed benefit gains of more £52million.

Funding for Credit Unions is already being reduced as this element was already being tapered. Credit Unions were informed of this when the funding was awarded in 2014.

Digital Inclusion

Budgetary support will be maintained for Digital Inclusion activities at £1.250m in 2016-17. At face value, this looks like an increase compared to last year. However, this is not the case as last year's digital inclusion funding was provided through the deployment of carried forward 2014-15 ERDF income, which is no longer available.

Impacts

We have protected the funding for Communities 2.0 in March 2015 to tackle digital exclusion at a time when more vital public services are going online and reducing the risk of more disadvantaged citizens being left behind. Furthermore, digital inclusion support is required to help ensure everyone benefits from the significant investment in broadband infrastructure through the Superfast Cymru programme. Digital inclusion work is vital in helping people overcome the barriers to accessing the internet whether it is motivation, skills or affordability.

Third Sector

The Third Sector Scheme (2014) renews Welsh Government's commitment to provide core funding for Third Sector Infrastructure bodies across Wales, principally Wales Council for Voluntary Action (WCVA), County Voluntary Councils (CVCs) and Volunteer Centres. The Scheme incorporates our Code of Practice for Funding the Third Sector which sets out 17 Principles and advice on the range of ways in which Welsh Government provides funding. The Infrastructure bodies work closely with each other and ensure consistent advice and guidance is readily available to voluntary organisations and individual volunteers anywhere in Wales.

The Third Sector budget covers this work, together with grants to support volunteering, the Criminal Records Unit within WCVA and core funding for the Community Foundation in Wales. The Third Sector budget will decrease by £0.681m from £6.805m in 2015/16 to £6.125m in 2016/17.

Proposals to manage this reduction have been developed and are currently being appraised. Care will be taken to ensure that necessary savings are distributed appropriately and fairly, however, there will inevitably be an impact on WCVA, CVCs and other recipients of the funding. These organisations may also be affected by reductions in funding from Local Authorities or other income streams.

The budget reduction follows 10% cuts in previous years, leaving little room for manoeuvre to make savings within existing structures. Some CVCs may cease to be viable as a result of continued cuts to their funding. Welsh Government officials will, during the course of the next year, continue to have conversations with WCVA and CVCs about closer collaboration and possible mergers to both reflect and ensure CVCs are equipped to support the involvement of community and Third Sector organisations in shaping the changing nature of public service delivery going forward. We will, however, need to have regard for the independence of these organisations and also accept this process of change is not cost free. Resources, in terms of both time and finance, will need to be available in some areas to enable and support this change.

Impacts

- Jobs

It is envisaged a budget cut of 10% will impact on jobs in the Third Sector Infrastructure bodies. If Local Authorities and other funders also make cuts the combined outcome could well mean substantial job losses. However, opportunities for an increase in the Third Sector work force may arise with new EU funded programmes. There may also be opportunities as the Third Sector becomes more involved in public service delivery.

- Delivery

A reduction in funding may mean that some CVCs and VCs will cease to be viable resulting in a loss of service in some areas. This could lead to a reduction in the ability to establish and support Third Sector organisations. Similarly, changing the way in which we support the Criminal Records Unit could also impact on organisations, delivery but particularly service users. In mitigation, Welsh Government officials will, during the course of the next year, continue to have conversations with WCVA, CVCs and VCs about closer collaboration and possible mergers. In depth impact and risk assessments are currently taking place to identify the appropriate way to support organisations but also to mitigate any risk arising from changes to this support.

- Programme/Policy Interface

The Infrastructure organisations currently lead community and voluntary responses and reflection on a number of WG legislative and programme initiatives. A 10% cut could impact on this ability in some geographic or specialist areas. The Infrastructure bodies need still to reflect or actualise policy intentions in, for example, the Well-being of Future Generations (Wales) Act 2015, Social Services and Well-Being (Wales) Act 2015, and the WG's Principles for Working with Communities, as well as

Local Government Reform. These recognise the importance of community engagement, community activity and community activists. Reductions in the Infrastructure may impact adversely on engagement of voluntary and community organisations in the Active Communities agenda. Welsh Government officials will, during the course of the next year, continue to have conversations with WCVA, CVCs and VCs about closer collaboration and possible mergers. This will ensure WCVA and CVCs are equipped to support the engagement of voluntary and community organisations in the active communities agenda.

Welfare Reform/Tackling Poverty

To improve budget efficiency, activities supported under the Welfare Reform BEL will merged within the Tackling Poverty BEL. The budget will be maintained at 2015/16 levels, with £79k recurrent grant for welfare training for Local Authorities transferring to the Tackling Poverty BEL.

Impacts

Tackling poverty is a key priority across the Welsh Government. Maintaining this budget level will allow continued engagement with partners. There is a strong emphasis on ensuring the right priorities are the focus of sustained attention to improve outcomes for low income families and we achieve the targets set out in the Tackling Poverty Action Plan. An important part of this is bringing different stakeholders from the public, private and Third sectors together to ensure resources and expertise are maximised. This is key to ensuring priorities are shared by partners, interventions are complimentary and duplication is avoided.

In 2015/16 there have been large and small scale event held partners including regional events in north and south Wales; Summits bringing together different sectors; engagement with Local Authority Anti-Poverty Champions; and continued support for the Tackling Poverty External Advisory Group and the Practitioner's Group. Engagement on this scale and along similar lines will be supported in 2016/17.

In addition, the use of research and evaluation to support the development and implementation of evidence based interventions is fundamental to effective efforts to tackle poverty, so will also be considered where appropriate and value can be added to existing provision. The research analysing the impact of welfare reform in 2015-2016 is funded from the EPS research budget.

Details from DWP regarding the further expansion of Universal Credit (UC) are awaited following the CSR. Further consideration will be given to the possibility of extending the contract for the provision of UC training to Local Authority front-line staff and key partners after the end of March 2016 once these details are known. Any extension to the contract would be via a departure request through procurement.

Equality and Inclusion Grant

This grant has been maintained at 2015-16 level.

Impact

Our commitment to the principles of equality and fairness is reflected in the decision to protect the funding for the Equality and Inclusion Grant for 2016-17. The Equality and Inclusion Grant 2014-2017 funds 16 Third Sector organisations, delivering across Wales, reaching a variety of people with different protected characteristics and promoting equality, tackling discrimination and encouraging cohesive and inclusive communities across Wales. The work of third sector organisations is important in contributing to the Welsh Government's delivery of its Strategic Equality Plan equality objectives.

Maintaining this funding level will allow for positive impacts for the protected groups across Wales. The funding has a significant positive impact on equality because of its direct benefit to people who often face exclusion, disadvantage and discrimination. This grant funding also contributes to the Welsh Government's commitment to tackling poverty in Wales. Evidence shows that particular protected groups are more likely to be in living in poverty, e.g. disabled people and lone parents, who are predominantly women, certain ethnic minority groups and families with disabled children. The grant funding supports delivery of the Welsh Government's Strategic Equality Plan, which dovetails with the Tackling Poverty Action Plan, e.g. in addressing pay and employment differences, reducing the number of young people not in education, employment or training and facilitating disabled people to live independently.

In April 2015 the Minister for Communities and Tackling Poverty launched a consultation on the Welsh Government's Equality and Inclusion Programme for 2017-2020. The aim of the consultation was to seek views on the future funding framework for equality and inclusion In order to ensure that value for public money is maintained and that the grant scheme reflects both the current and future economic, social and environmental context in Wales.

Gypsy Travellers

Gypsy and Traveller Sites Capital Grant funding will increase by £0.5m to £2m in 2016-17. The Sites Capital Grant provides funding for the refurbishment of existing and the development of new local authority Gypsy and Traveller sites.

Impacts

Changes to the budget should lead to the development of additional local authority Gypsy and Traveller sites, which will reduce homelessness amongst these communities. Wales has a significant undersupply of authorised Gypsy and Traveller sites which needs to be addressed. The scale of the need for additional pitches (each household unit within a site) has been estimated between 184 – 218 pitches

by the Welsh Government and 301 by local authorities themselves. However, all local authorities are currently undertaking new Gypsy and Traveller Accommodation Assessments, which will provide a more accurate estimate of need for mobile home pitches.

More sites will help the Welsh Government to demonstrate that it is helping to 'facilitate the traditional Gypsy way of life' (as required by the European Court of Human Rights case, Chapman v UK, 2001). It will also contribute towards Objective 6 of the Welsh Government's Strategic Equality Plan, reflecting the needs of those with protected characteristics in housing supply. Stable and appropriate sites will improve access to services for amongst the most vulnerable and impoverished in society, helping to tackle poverty. Under the Rights of Children and Young Persons (Wales) Measure 2011, Welsh Ministers must pay due regard to the United Nations Convention on the Rights of the Child when exercising their functions. Providing culturally appropriate accommodation - with improved access to education, health and play facilities - will benefit all Gypsy and Traveller children affected. Investment in Gypsy and Traveller sites should provide long-term economic, social, and environmental well-being benefits as communities become more inclusive and site beneficiaries are more able to access wider community facilities.

In the longer term, the creation of more sites will have a positive knock on effect on Social Housing as it will free up more housing if Gypsies and Travellers are able to move onto a new site. Census 2011 showed that Gypsies and Travellers were more than twice as likely to live in social housing as the overall population of England and Wales (41 per cent compared to 16 per cent).

Many of the families who would benefit from pitches on sites are living on unauthorised encampments, on overcrowded pitches, or in bricks and mortar accommodation with consequential health and well-being issues derived from a failure to adjust to culturally inappropriate housing. We know that Gypsies and Travellers are more at risk of poorer health and educational outcomes. More appropriate accommodation would support targeted use of Welsh Government education grant funding for these communities and would support immunisation initiatives, amongst a host of other benefits. Significantly, more authorised sites will reduce the number of unauthorised encampments, which will improve community cohesion and faith in the planning system.

No impact has been identified on the Welsh language. The number of Welsh-speaking Gypsies and Travellers is thought to be very low, whilst the impact of new sites on Welsh-speaking areas is a planning consideration which should be assessed in advance of applications being submitted for funding.

All local authorities were written to during 2013 to anticipate likely need for Sites Capital Grant funding during 2015-16 and beyond. An analysis of local authority responses contributed to the decision to increase this grant by £2m to £3.5m for 2015-16. The same exercise was undertaken in July 2015, which has identified

reduced demand for additional funding in 2016-17 before the Housing (Wales) Act 2014 duties lead to subsequent additional demand for 2017-18 onwards. Therefore, an analysis of responses from July 2015 has led to a decision to increase this grant by £0.5m to £2m for 2016-17. Additional analysis will be undertaken to forecast demand in later budgets.

The increased funding in 2015-16 has led to allocations to Torfaen County Borough Council and Neath Port Talbot County Borough Council to expand their existing sites by 21 pitches combined. The funding has also enabled Conwy County Borough Council to develop its first Gypsy and Traveller site (4 pitches).

The implementation of Part 3 of the Housing (Wales) Act 2014 is likely to lead to increased demand for Sites Capital Grant funding. Providing additional funds to this budget should assist quicker implementation of the legislation. However, the appropriate level of funding needs to be carefully assessed with reference to local authority requirements to achieve planning permission in advance of applying for funds.

Prior to April 2014, no local authority Gypsy and Traveller sites had been opened in Wales since 1997. This situation has led to a significant undersupply of pitches, evidenced by local authority Gypsy and Traveller accommodation assessments and the number of unauthorised encampments. However, Part 3 of the Housing (Wales) Act 2014 and increased funding to this budget in 2015-16 and 2016-17 is starting to address the shortfall.

Evidence of improved access to services when living on these sites is supported by many research studies, including the Equality and Human Rights Commission's 'Inequalities experienced by Gypsy and Traveller communities: A review,' (2009). Estyn has also recognised its importance for children's education.

Research undertaken by Cardiff University in 2002 entitled, "*At What Cost? The economics of Gypsy and Traveller encampments,*" identified unauthorised camping cost local authorities at least £6m per annum across the UK - £8m in current prices. The research identified that 88% of public bodies in Wales had incurred costs as a result of unauthorised camping. The Department for Communities and Local Government in England quoted the costs to English authorities as £18m per annum in 2012. Bristol City Council has participated in an Invest to Save type model and have reduced their costs from £200,000 to £5,000 per annum by providing authorised sites instead.

Community Facilities

In 2015/16 a one-year transfer of £4.950m was made to Flying Start. In 2016/17, £10.950m will be available to support Community Facilities Programme (CFP) projects.

Impacts

The CFP is a capital scheme focused on tackling poverty. It is anticipated the increased budget will mean an additional twelve to fifteen projects can be supported in 2016/17. The CFP is a rolling programme and has a pipeline of projects already in development

To date, 22 projects have been awarded funding worth £5.4 million.

The users of the facilities we are funding are already suffering from the effects of poverty. Without our funding they may have to travel further to access a range of services from food-banks and credit union collection points to job clubs and accredited training. Our funded projects are providing accommodation for homeless people; helping to create childcare places to remove barriers to employment and give our youngest children the best start; and supporting the provision of advice services for those in debt.

Community Facilities across Wales are providing opportunities for individuals to improve their lives through better educational attainment, better economic prospects and better health and wellbeing. CFP is helping these facilities remain fit for purpose. Applications are encouraged to link in with the Welsh Government's other tackling poverty programmes, Communities First, Families First and Flying Start where this is possible.

Housing and Regeneration

The Housing and Regeneration programmes and policies support:

- creating the best conditions for housing development, increasing both the supply and the quality of affordable and market housing in Wales;
- preventing homelessness and the damage it can have on people's lives
- improving the overall housing system, including housing services and particularly support for people to live as independently as possible, particularly those who are vulnerable people and who find themselves in need of help at points in their lives;
- well connected vibrant and viable places through our Regeneration policies that support sustainable communities providing improved quality of life.

These policies include some of the key levers that are needed to progress a wide range of social, economic and environmental outcomes, such as building 10,000 new affordable homes over this term of government, bringing back into use 5,000 long-term empty properties and supporting the building of up to 5,000 new build properties through Help to Buy. The department's policies contribute significantly to tackling poverty, reducing inequalities, supporting the economy and providing attractive places for people to live and work.

Housing and Regeneration policies have sustainable development at their core, balancing short term needs whilst safeguarding the long term interests of the people

of Wales. Given the long term nature of our policies such as building new houses or providing long term support to vulnerable people we will improve the social, environmental and health outcomes that remain essential for people's well-being, their long term quality of life and the lives of future generations.

Our policies and programmes also play a role in contributing to the achievement of the seven well-being goals of the Well-being of Future Generations (Wales) Act, notably a prosperous Wales, a healthier Wales and a more equal Wales. Our support including, for example, the Supporting People programme, services which prevent people from becoming homeless and adaptations to people's homes, benefit many vulnerable people and groups with protected characteristics. This includes older people, people with disabilities and health problems but also others who need to be prevented from becoming disabled e.g. through serious injuries from falls.

Within the Housing Policy Spending Programme Area, the Supporting People Programme budget has been protected with a cash flat settlement. The budget will remain at £124.4million for 2016-17.

The Supporting People Programme helps people to find and/or keep their home and to live as independently as possible. The support, which helps many vulnerable people, is provided in people's own homes or in hostels, sheltered housing, or other specialist supported housing. It helps to reduce the demands on NHS services and social care.

Within the Housing Policy Spending Programme Area, the Homelessness budget of £5.907million is deployed strategically to support Local Authorities' statutory homelessness services and to prevent homelessness. This is a reduction of £524,000 on the baseline budget for 2015-16, which excludes the one-off additional sum of £4.9 million which was provided to local Authorities to support the transitional costs for implementing the new homelessness legislation. However, an additional allocation will be made available to Local Authorities during the year from within my portfolio to cover the costs of the second year of implementing the new legislation. When considered with funding made available from the baseline budget, the support which will be provided is in line with the costs cited during the development of the Housing (Wales) Act 2014.

Within the Homes and Places SPA, the Major Repairs Allowance budget remains the same at £108million. This will enable local authorities to continue with their programmes of improving the social housing stock in Wales.

Within the Homes and Places SPA our Regeneration funding has increased from the baseline funding by £12.8million to £73.5million. This will enable further investment to be made through our regeneration framework Vibrant and Viable Places to build on the investment already made and further improve the quality of our community assets and provide the vibrant and thriving places that the people of Wales richly deserve to live in.

Within the Homes and Places SPA our funding for affordable housing has increased by £21.7million which will enable us to support the construction of many more new affordable homes in Wales and generate the social, economic and health benefits which arise from people living in safe, warm and secure homes.

Within the Homes and Places SPA we have announced £26million of funding for the first year of phase II of Help to Buy Wales. This new phase of our hugely successful market housing scheme will support the construction of up to 6,000 new homes and will generate significant tackling poverty benefits through the creation of new jobs and training schemes necessary to build this number of new homes.

The Independent Living Budget has been reduced by £524,000. However, it should be noted this budget of £5.159 million for 2016-17 is the result of amalgamating three budget lines (£4.056 million for Care & Repair; £0.432 million for the Rapid Response Adaptions Programme, and the £1.252 million Housing Policy Development budget). The impact of this reduction will be mitigated by decisions on how the budget is deployed in which protecting the front-line services delivered by Care & Repair agencies, including the Rapid Response Adaptions Programme, is the priority.

Supporting People

The Supporting People budget has been protected at cash-flat levels.

Impacts

By protecting vital programmes such as the Supporting People programme we have recognised the important contribution that social care has on the most vulnerable, whether through reasons of old age, disability or the need to safeguard children. This programme not only provides housing-related support for some of Wales' most vulnerable and socially excluded it also helps individuals and families who are homeless or at risk of becoming homeless to find and keep their home and live independently, as well as making a key contribution to our Tackling Poverty agenda. The programme is an example of action which can be taken to prevent or reduce the need for more costly interventions by the NHS and/or social care. It helps individuals and families and, in some cases, supports people who fall into the criminal justice system.

The Programme is delivered through Local Authorities operating in Regional Collaborative Committees as they are best placed to determine local needs and priorities and thus to target support to those who need it. It supports some of Wales' most vulnerable people. People from some of the protected characteristic groups, i.e. age or disability, may be more vulnerable and therefore more likely to require access to these services. However, the services are provided based on the need(s) of the individual not just age or tenure. This is important as Wales has a high

proportion of residents who are disabled or have a long term health problem who are most at risk of living in poverty.

The Supporting People programme helps reduce the demand on more costly health and social care services. Further evidence of the Programme's impact on, and benefits for, the NHS has been obtained. The emerging findings from our feasibility study suggest an overall long term reduction in use of GP services by the majority of user groups after they had received support from the programme with similar patterns seen in the use of Accident and Emergency Departments by some user groups.

The cash flat settlement means Local Authorities and their partners are able to continue to provide services which reduce the risk of vulnerable people being made homeless. Some financial pressure will continue to exist but this can help focus attention on the robust identification of needs and the impact, effectiveness, and overall value for money of the support provided. The high risk groups identified are:

- families with complex needs and families threatened with homelessness
- Children, young people under the age of 18
- vulnerable young people/young offenders
- young carers
- alcohol and substance misusers
- rough sleepers
- some long-term single homeless people
- disabled people.

Each of these groups is at disproportionate risk of living in poverty. As a result of the budget protection, the impacts on key groups, such as the direct effects on women, single homeless (likely to be predominantly men), and disabled people are expected to be minimal.

Despite the budget protection, we will continue to work closely with Local Authorities and Regional Collaborative Committees to ensure the best use is made of the available funding. The programme makes a significant contribution to preventing people from becoming homeless and we are keen to see more links between the Programme and statutory homelessness services, and as part of closer working between housing, health and social services.

Homelessness

There has been a reduction to the Homelessness budget of £0.524m.

Impacts

The Welsh Government is committed to doing more to prevent homelessness in the first place and to achieve the aim of eliminating the need for anyone to sleep rough. Preventing homelessness in the first place is at the heart of the new homelessness

legislation, which came into force in April this year through the Housing (Wales) Act 2014

Our Homelessness Prevention budget supports a programme of work aligned to the prevention goal of the new legislation. It provides funding to Local Authorities and to a variety of Third Sector organisations, both of which supplement statutory homelessness services. In particular, it provides services for vulnerable people who are given extra support to prevent them becoming homeless or to help homeless people obtain and maintain sustainable housing. This includes support to:

- young people who are homeless or at risk of becoming homeless;
- disabled people who are homeless or at risk of becoming homeless;
- all people who are homeless or at risk of becoming homeless, which would support both men and women;
- pregnant women or new mums would also be classed as vulnerable if they were homeless or at risk of homelessness.
- prevent offenders from becoming homeless upon release from prison via the new National Model Pathway and supporting services.

The Homelessness programme most benefits children and young people, people suffering domestic abuse or mental ill health, women, especially pregnant women, rough sleepers, and all those more generally who are at risk of homelessness. Services and support provided includes bond schemes, housing advice services, family mediation and money and debt advice in relation to repossession.

The reduction to the baseline budget could reduce the amount of support that is available but this should be considered in the context of continued emphasis on the impact and effectiveness of projects and services, the priority being given to support for particular groups of vulnerable people, the complementary nature of the support provided through the Supporting People programme, and the additional £2.2 million which will be allocated to Local Authorities during the year as a one-off allocation to support them in implementing the second year of the new homelessness legislation.

Although based on figures for the first three months of the new legislation, the early signs of the continued focus on preventing homeless are encouraging. During the April to June quarter 2015-16, a total of 1,350 households in Wales were threatened with homelessness within 56 days and for 1,115 households (83 per cent) homelessness was successfully prevented for at least 6 months.

A total of 535 households were accepted as being homeless and owed a duty to help secure accommodation during the quarter. Of these, 300 households (56 per cent) were helped to secure accommodation that was likely to last for 6 months, following intervention by the Local Authority.

During the April to June quarter 2015-16, 480 households qualified for the duty to have accommodation secured for them, as they were deemed to be unintentionally

homeless and in priority need, following the duty to help secure ending. Of these, 330 (69 per cent) households accepted an offer of permanent accommodation.

At the end of June 2015, there were 1,935 households in temporary accommodation. Private sector accommodation was the main form of temporary accommodation. At the end of June 2015, there were 170 households in B&B accommodation. Of these, 15 were families with children.

The new homelessness legislation helps to mainstream prevention which, overall and in the medium to longer-term, is proven to be more cost effective and successful in reducing the likelihood of becoming homeless. It ensures Local Authorities provide an inclusive service to help far more people affected by homelessness, rather than the current position where only priority cases are given substantial help. Basically, it means more help for more people.

Our homelessness prevention policy contributes to Articles 26 and 27 in the United Nations Convention on the Rights of the Child and to the economic, social and cultural right to adequate housing and shelter.

Major Repairs Allowance (MRA)

This budget has been maintained at cash-flat levels.

Impacts

The Welsh Government is committed to ensuring that all people in affordable housing can live in a safe, warm and secure home. There are a number of social, health and economic benefits that this investment brings.

Investment in housing provides support to the Welsh economy in terms of maintaining and supporting jobs in the construction industry and also the supply chain. This contributes to the tackling poverty agenda in terms of providing employment and training opportunities. Community Benefits and the procurement of contracts enable the benefits of our investment to remain in Wales and be maximised in our communities.

Providing good quality housing helps tackle poverty (including fuel poverty) and contributes to improving the educational achievement of pupils particularly those from low income backgrounds (due to factors such as living in a warm home and having a place to study). The MRA budget for 2016/17 will remain the same.

Whilst the MRA is not specifically aimed at any particular religious group, improvements to Housing Stock will be beneficial to the community and all people.

The evidence underpinning our investment in improving the quality of social housing in Wales tells us that 58% of people from a non-white background live in owner occupied homes compared with 75% people from a white ethnic background and 33% of people from a non-white ethnic group lived in privately rented accommodation compared with 10% of people from a white ethnic group. Whilst the

MRA is not aimed at any particular ethnic group, any change in our investment in MRA could impact more on ethnic groups in Wales.

According to data from the 2001 Census females are more likely to be renting social housing than males and therefore would be disproportionately affected by any changes in the MRA funding. For all age groups those in social housing were more likely to have a limiting long-term illness, disability or infirmity than owner occupiers and those privately renting. These are strong arguments for maintaining our investment in housing quality.

Ensuring people have a home that meets their needs – warm, affordable, secure, in good condition and with non detrimental impact on the environment is a key priority for the Welsh Government. A home is a vital part of people's lives. It affects health and well-being, quality of life, and the whole life chances of individuals and families.

Building energy efficient new homes is crucial to addressing climate change. New social housing in particular is leading the way in producing lower carbon homes. For existing social rented homes achieving the Welsh Housing Quality Standard (WHQS) also includes significant improvements in energy efficiency in some areas. Although WHQS does not apply to private sector housing stock, the inclusion of private sector housing stock within the second phase of the Arbed will achieve additional sustainable development improvements. Arbed is a good example of the contribution that housing can make to social, economic and environmental outcomes across Wales.

MRA policy contributes to Article 27 in the United Nations Convention on the Rights of the Child and to the economic, social and cultural right to adequate housing and shelter.

Regeneration

This budget has increased by £12.8m over baseline.

Impacts

Vibrant and Viable Places is the Welsh Government's regeneration framework. The Welsh Government's vision is that everyone in Wales 'should live in well-connected vibrant, viable and sustainable communities with a strong local economy and good quality of life'. It promotes a well-evidenced approach combining support for people and places, and encourages partnership working by the public, private and Third Sectors.

The framework seeks to get the best out of every pound spent by the Welsh Government in terms of mainstream funding like health and education. In addition, intensive targeted regeneration investment in a small number of key places is used to support local growth in town centres, coastal communities and Communities First clusters.

The projects undertaken in the different VVP targeted investment areas may affect many of the protected groups, the proposed budget increase will mean that more money is available to target activities with specific groups. These types of projects include projects that would benefit young people, different religious groups, childcare facilities enabling people (mainly women) to enter the employment market, organisations that promote women in business etc. The Welsh Government is however, investing in people and places, which will be beneficial to all people and all socio-economic groups.

According to a report published by Oxfam, more women than men live in poverty on deprived estates. Women in general have lower incomes than men. They are more likely to be carers and they make up 91 per cent of lone parents. And while they are the majority in community groups, women are in the minority when it comes to making the decisions about regeneration.

The purpose of the Vibrant and Viable Places Framework is to help regenerate communities by investing to help their economy thrive and regenerate communities, particularly in areas where there is high deprivation. The aim is to help them achieve long-lasting economic, environmental and social change. We are investing in people and places, which will be beneficial to all people, so all members of the community will see the benefits. Regeneration investment aims to make sustainable places over the long term in order to improve the quality of life of the people who live and work in and around those places.

Collaboration is at the heart of Vibrant and Viable Places, we ensure real outcomes are met and we make a positive sustainable difference to the quality of people's lives particularly related to eradicating poverty and links with the Tackling Poverty Action Plan, which recognises that VVP invests in the infrastructure, renewal and regeneration of some of our most deprived communities, including a number of our seaside towns and town centres.

Ensuring that one of the most basic well-being needs - for a good home - is met, especially for people who would otherwise be excluded from the housing market is a key aim of our regeneration strategy. Investing and co-ordinating effort in specific areas of the greatest deprivation will help reverse the spiral of decline that can arise where there are concentrations of deprivation. Improving the quality of the housing stock and the wider built environment encourages people to remain in these communities and speed up the reversal of the spiral of decline. Providing services that help people with specific welfare needs remain in their communities assists in tackling economic inactivity and provides an important stimuli to local areas. Our regeneration strategy also helps meet the challenges of maintaining sustainable housing stock and access to local affordable housing for local people in Welsh speaking communities (in decline and with net loss/ outmigration affecting percentage population density in traditionally Welsh speaking communities

The overall Vibrant and Viable Places programme supports Articles 15 and 21 in the United Nations Convention on the Rights of the Child.

Vibrant and Viable Places specifically addresses the tackling poverty agenda. The £7m Tackling Poverty fund goes to town centre related projects that tackle poverty. This fund has been ring fenced for communities which were unsuccessful in bidding for a share of the £100m Vibrant and Viable Places fund but are in the top 10% of the Welsh Index for Multiple Deprivation.

Social Housing Grant

This budget has increased by £12.7million over baseline.

Impacts

The Welsh Government's social housing programme meets our aim that everyone in Wales should have the right to live in a safe, warm and secure home. Despite our significant investment over this programme of government and support to build in excess of 10,000 new affordable homes the demand for affordable homes is still increasing. The construction of new homes helps our tackling poverty programmes due to the jobs created and maintained in the construction sector our funding supports. There are significant benefits to health and education outcomes in Wales which arise from people living in safe, warm and secure homes

Help to Buy Wales

This budget has increased by £26.3million over baseline.

Impacts

The Welsh Government's market housing scheme Help to Buy Wales will have a significant impact on our tackling poverty programmes. Whilst we have set out our first year of funding of £26.3million in the draft budget our total investment in Phase II of this hugely successful scheme will be £284million. HM Treasury figures indicate that for every £1 million spent on housing support protects over 32 jobs in the construction sector. On this basis, investment of £284 million will support around 9,090 jobs, and further jobs will again be created when the fee revenue from the scheme is re-invested in affordable housing schemes. This is a significant number of jobs created which will provide a welcome boost to the economy in Wales, address the housing shortage in Wales and generate further community benefits.

Other action

Work will continue through the Supporting People National Advisory Body. This group consider how the programme operates and how further improvements can be made. It also provides advice on how the Supporting People Grant can be targeted at those in most of need and, given the involvement of all key stakeholders, can help achieve more integrated working between housing, health and social services.

As various policies and programmes are delivered by Local Authorities, it would be our expectation that each Authority assesses the impact of any proposed budget reductions and undertakes engagement with protected characteristic groups as appropriate. Delivery of these policy areas by Local Authorities will be monitored by Welsh Government including any feedback on its implementation.

Evidence used in preparing these integrated impact assessments comes from a variety of sources, data provided by Knowledge and Analytical Services including census data, research undertaken as part of the policies development, historical equality impact assessments of the policy area and previous budget changes and evidence provided by third sector organisations.

Across the Welsh Government, there is limited evidence available on the impacts of our policies on people undergoing gender reassignment, people who are Lesbian, Gay Bisexual or Transgender and the marriage and civil partnership protected characteristic group, these gaps can be seen across all equality impact assessments undertaken and requires further work by Knowledge and Analytical Services to address this evidence gap.

Continuous improvement

1. Welsh Government is establishing a data collection system which is intended to capture the long-term reduction in Gypsy and Traveller encampments as a result of new sites.
2. Welsh Government is proposing new Health Needs Assessments to capture the health inequalities experienced by Gypsy and Traveller communities. Changes in health access and outcomes over time should be captured by these assessments and compared to access to sites.
3. Local authority Accommodation Assessments will continue to assess need for additional Gypsy and Traveller sites. The Welsh Government will continue to review these when analysing the need for Sites Capital Grant funding.
4. Consideration of the further use of programmed reviews of Local Authorities' management and use of the Supporting People programme, building on the successful review of all 22 Authorities, which has been undertaken in 2015-16
5. Welsh Government will continue to seek updated local authority demand for Sites Capital Grant funding before considering the most appropriate budget level for the following year.
6. The performance measures in Communities First (as well as Families First and Flying Start) will be disaggregated where possible to give a fuller breakdown of beneficiaries by protected characteristic as well as the take up of provision offered through the Welsh medium.
7. From April to July 2015 the Welsh Government consulted on whether the current Equality Objectives were still considered to be priority areas for action. Responses to the consultation will be used to inform the

development of the Equality Objectives for 2016-2020. The revised objectives will be published on the Welsh Government website by 31 March 2016.

8. Work with Knowledge and Analytical Services to further improve the equality evidence base in more meaningful themes to the portfolio, e.g. Supporting People, homelessness, regeneration, impacts of welfare reform, independent living and supply and quality of housing, building on the success of recent research.
9. Enable outcomes from regular performance meetings with stakeholders, discussing integrated impacts assessments to feed into the integrated impact assessment process.

Introduction

1. The Welsh Government is committed to assessing the impact of its spending decisions on the people of Wales and was the first UK Administration to publish a comprehensive impact assessment of our spending plans alongside our 2011-12 final budget. Since then, the Government has looked to continuously improve the approach year on year.
2. Reflecting recommendations of the Finance Committee's Inquiry into Best Practice Budget Procedures and In line with feedback from the Budget Advisory Group on Equality (BAGE) we have again taken an integrated approach to our impact assessment. Assessment of our Spending Plans for 2016-17 reflects the emphasis we place on socio-economic disadvantage, children's rights, Welsh language, equality and sustainable development as now contained in the Well-being of Future Generations (Wales) Act. Our decisions are also underpinned by our commitment to tackle poverty and to drive a shift in spending towards prevention and early intervention.
3. Despite the lateness of the UK Government Spending Review we have again published a Strategic Integrated Impact Assessment alongside the draft budget that has focused on highlighting the high level strategic impacts that have been considered when allocating budget to our priority areas, while placing a greater emphasis on assessing the differential impacts of proposals on the various groups in our society, where these are likely to be significant.
4. This evidence paper should be read in conjunction with the Draft Budget 2016-17 Narrative and the Strategic Integrated Impact Assessment which can be found at:

<http://gov.wales/funding/budget/draft-budget-2016-17/?lang=en>
5. This paper:
 - Summarises the strategic context for the Draft Budget;
 - Explains how the Well-being of Future Generations (Wales) Act and the work of the Budget Advisory Group on Equality (BAGE) have informed the structure and content of the Draft Budget;
 - Explains the overall approach taken in preparing the Draft Budget including building in equalities analysis from the outset; and
 - Summarises the main spending decisions that impact on groups with protected characteristics.

Strategic Context

6. As a result of the decisions of the UK Government, the Welsh Budget is over £1.4 billion smaller now than in 2010-11 and following the UK spending review the settlement is set to reduce further in real terms by 3.6 per cent between 2015-16 and 2019-20. An initial assessment of the pressures and trends in relation to key services has identified the need to spend £1bn more by 2018-19. However, our budget will be a little under £400m higher in revenue and £200m in capital by 2019-20. Our assessment of the impacts of our decisions is vital to ensure the promotion of equality of opportunity and the prevention of discrimination.

Well-being of Future Generations Act

7. We are committed to using the Well-being of Future Generations Act to improve how we make decisions. The Act builds on the approach we have taken to assessing the impact of our decisions in the past. Our budget proposals have been shaped against the new duties from the Act, reflecting our commitment to its full and successful implementation.
8. At the core of the Act are five ways of working which have informed our overall approach to setting budget allocation in the following ways:
 - we have taken account of the **long term** impacts and balanced this against our short-term needs:
 - the approach of **prevention** in acting to prevent problems from occurring or getting worse has underpinned our decision making:
 - taking an **integrated** approach we have developed a wider understanding of the cross-cutting pressures that exist across our priority areas:
 - through continued **collaboration** and engagement we gain a valuable contribution to our evidence base in understanding the impacts of our decisions:
 - We have remained committed to engaging and **involving** people in the decisions that affect them, through for example the invaluable input of the Budget Advisory Group on Equality (BAGE) and the Minister for Finance and Government Business' Budget Tour.

Budget Advisory Group on Equalities

9. It is the Welsh Government's responsibility to include impact assessments of its decisions. The role of this group is to provide advice and to share expertise and best practice on equality issues which support the continual improvement of the Impact Assessment (IA) undertaken of the Welsh Government Budget.
10. A key emphasis of the Group's discussions and work to date has been to provide an understanding of the current economic environment, and how this might impact on our equality considerations. In particular the Group were asked to advise on priority areas for investment in advance of preparations for the Draft Budget 2016-17 and were consulted following the UK Government's Spending Review.

11. This has generated a strong focus on the importance of building a solid and robust evidence base so that the nature of the underlying equality issues can be identified and understood at the outset of decision making. A key conclusion has been the fact that there were unlikely to be enough resources and therefore the need to focus on priorities based on an assessment of greatest positive impact and mitigate the effects of austerity where its impact is unavoidable.
12. Examples of decisions that have been informed by the work of the BAGE are as follows:
- In focusing on Social Care we have allocated money for frontline services and we have protected programmes such as Flying Start, Communities First, Schools Challenge Cymru and Supporting People which specifically address inequality.
 - Our decision to increase funding on health reflected identified priorities to maintain access to quality acute services when these are needed, promote the continued development of primary and community services closer to home and maintaining a focus on service transformation and better integration between health and social care.
 - In recognition of the importance raised by BAGE that education addresses inequality in employment and skills we have increased schools funding, protected post 16 education and increased higher education student support funding. In line with the 2014 Budget Agreement we are also continuing to support 2,500 apprenticeships and are funding a new cohort of 2,500 apprenticeships.
13. The Welsh Government established a Welsh Government Budget Advisory Group on Equality (BAGE) in 2012 which is convened jointly by the Minister for Finance and Government Business and the Minister for Communities and Tackling Poverty. It is made up of external representatives from the third and voluntary sector equality organisations, an academic economist as an adviser appointed by Welsh Ministers, and Welsh Government officials who lead within Government on parts of the equalities agenda.

Draft Budget 2016-17: Strategic Integrated Impact Assessment

14. Our integrated approach to assessment provides a more realistic assessment of the overall impact of spending decisions and recognises that, against a backdrop of reducing budgets, there is not always a single answer that will manage the impact of a decision in all areas. This assessment of the impacts of our decisions is vital to ensure the promotion of equality of opportunity and the prevention of discrimination, and this has shaped our approach to the budget process.
15. We have therefore based our spending decisions on an analysis of demands and needs in key public service areas. In the challenging financial climate we have sought to focus resources on priorities based on an assessment of greatest positive cumulative impact and mitigate the effects of austerity where its impact is unavoidable.

16. In taking this approach we have engaged with and been informed by recommendations from a range of stakeholders including the Assembly Committees and the Budget Advisory Group for Equality (BAGE). The Minister for Finance and Government Business has again undertaken a budget tour around Wales, gathering views of those who work on the front line of public services and involving them in the decisions which impact.
17. However, while this Strategic Integrated Impact Assessment focuses on high level strategic impacts of spending decisions, throughout the budget planning process impact assessments are undertaken in line with this Government's approach in all areas.

Approach to the Draft Budget and Strategic Integrated Impact Assessment 2016-17

18. In preparing for this Budget we have taken an integrated approach grounded in evidence and evaluation we have developed a wider understanding of the cross-cutting pressures that exist across key service areas, in line with our key priorities, while targeting funding at those who need it most.
19. We reviewed current trends and future projections and their potential impacts in the short, medium and longer term. We did this to ensure that short term responses do not have longer term detrimental impacts.
20. We explored how the Welsh Government approaches policy and funding for education, health and social care services, infrastructure and Universal Benefits. We considered how those approaches influence public services on the ground, the interaction between these areas, what their needs are in the future and what that tells us about how we should approach budget allocations.
21. We also recognised that the impact of our spending decisions on people in protected groups cannot be assessed in isolation from the impact of the UK Government's tax and welfare reforms. As part of a research programme commissioned by the Welsh Government's Ministerial Task and Finish Group on Welfare Reform, we have recently published two reports that consider the impact in Wales of such reforms, as well as the National Living Wage.
22. As a consequence of the UK Government's approach to austerity and Welfare Reform and with rising demand we identified significant and real delivery challenges, in that it is not possible to fully meet growing pressures in priority areas and maintain current levels of funding.
23. We then prioritised funding on areas with identified positive impacts. We did so in the knowledge that concentrating our efforts around priorities has implications for other areas. In these cases we have sought to mitigate negative impacts wherever possible.

Draft Budget 2016-17: Key Decisions

Health and Health Services

- Our decision to allocate additional funding of £293m for health in 2016-17 recognises that providing a sufficient and sustainable health settlement is a vital consideration not just for society as a whole, but also recognising the disproportionately positive impacts on protected groups. As part of the commitment to strengthen primary and community based care, £30m of the £293m allocated to the health service in this Budget will be used to increase the funding available for the Intermediate Care Fund to £50m in 2016-17.
- As a Government we continue to recognise the important role of mental health services in improving patient outcomes. We have therefore allocated £30m of the £293m to increase funding available for mental health services as well as funding for older people.
- Our decision to allocate an additional £21m through the Revenue Support Grant for social services recognises the pressures on service delivery, the strong link between poor health and deprivation and the important impacts which social care has on the most disadvantaged, whether through reasons of old age, disability or the need to safeguard children.
- By protecting vital programmes such as the Supporting People programme we have recognised that this programme not only provides housing-related support for some of Wales' most vulnerable and socially excluded it also helps individuals and families who are homeless or at risk of becoming homeless to find and keep their home and live independently, as well as making a key contribution to our Tackling Poverty agenda.

Educational Attainment

- Our decision to allocate an additional £39.7m to schools, which is primarily focused towards frontline schools funding, is in recognition of the importance of education in raising educational attainment and skills at all levels set against the notable pressures on our schools. We have also acknowledged its contribution to breaking the cycle of disadvantage and inequality, nurturing the future of a thriving Welsh language and the positive impact on young people overall. Under Article 28 of the United Nations Convention on the Rights of the Child, children have a right to an education.
- In line with the 2014 Budget Agreement, we are providing an extra £7.2m in 2016-17 to increase the Pupil Deprivation Grant (PDG) from £1,050 per eligible pupil in 2015-16 to £1,150 in 2016-17. This builds on this programme's aims of breaking the link between poverty and educational attainment.
- In recognition of established international evidence that intensive interventions, as early as possible, in the lives of those most at risk are needed to break the cycle of disadvantage we have protected the Flying Start

- We are continuing our support for Universal Benefits through maintaining a 1 per cent protection above changes to the Welsh Budget overall. This means continuing with the provision of free prescriptions, free school breakfasts and school milk, free swimming and concessionary fares. These initiatives support the most vulnerable in society and in line with our focus on prevention they also have the potential to reduce future service demand.
- Further, through allocating £3m to limit reductions to inspectorates we are seeking to protect the important role our inspectorates play in ensuring the quality and safety of services upon which our protected groups depend.
- We know that tough decisions will need to be made about local services that benefit the people of Wales. Where possible we have sought to give local authorities the financial flexibility to make these decisions through focusing investment on frontline services through use of the Revenue Support Grant. In responding to austerity we will seek a collaborative approach which explores alternate delivery models and moves beyond solely focusing on efficiencies.
- National Museum, Archives, Libraries, Arts, Culture and Sports contribute to tackling inequality, provide education of our culture to young people, while at the same time supporting tourism and improving our international reputation. We continue to work collaboratively with our partners to minimise the impact on protected groups.

Growth and Sustainable Jobs

- Throughout this Assembly term, the Welsh Government has focused on achieving balanced and sustainable growth, driving forward the economic recovery by supporting business, attracting inward investment and increasing employment.
- However, as fiscal austerity puts further pressures on our resources we have had to take a prudent approach through re-focusing on those levers which have the greatest impact. We have sought to protect and mitigate the negative impacts for those people disproportionately affected by the negative impacts of austerity.
- Despite the unprecedented reductions to the capital budget over the last five years, through our Wales Infrastructure Investment Plan we have continued to focus on maximising the opportunities and benefits that Welsh infrastructure investments provide through enabling sustained economic growth and creating new jobs.
- To demonstrate our commitment to supporting business in Wales we are making an early decision to extend the current Small Business Rates Relief Scheme for a further 12 months. This decision will reduce overall Non Domestic Rates payments by small businesses in Wales by around £90m in 2016-17.

Programme. We have done so in response to evidence to date showing Flying Start is beginning to have a real positive impact on children.

- We have also extended our Schools Challenge Cymru scheme to 2016-17 with £15m available next year. This will support the programme to accelerate and concentrate our school's improvement efforts, focusing on secondary and primary schools in Wales that face the largest challenge in terms of circumstance and stage of development.
- In recognising the important role that schools play in securing a thriving future for the Welsh language we have allocated additional funding to schools. We remain committed to our Welsh Language Strategy "Iaith Fyw" and Welsh-medium education strategy and in line with this commitment and in recognition of pressures faced in protecting the future and heritage of the Welsh language we have allocated £1.2m in 2016-17 as a step to cushion the impact of reductions to funding.
- Post 16 education and training such as apprenticeships are important in meeting the challenge of reducing NEETS. We are therefore protecting our Post 16 Education budget and through our 2014 Budget Agreement we are allocating £5m to enable continued support for around 2,500 apprenticeships and committed an additional £5m to fund a new cohort of 2,500 apprenticeships.
- We have also provided funding to establish a targeted further education childcare pilot scheme to remove the barriers to education and tackle intergenerational deprivation. In particular this pilot is intended to focus on positively impacting those in protected groups, particularly on gender.
- At the same time we have remained committed to our key goal of fairness for all and have allocated an additional £10m to Higher Education student support, both to protect the impacts our tuition fee policy has on improving life chances for all young people and meet pressures from increasing demand. This will impact positively on people no matter their ethnicity, gender or background, providing a route out of poverty.

Supporting Children, Families and Deprived Communities

- At every stage of the budget process we have sought to mitigate the devastating impacts of the UK Government's Welfare Reform to families and use all of the levers at our disposal. To offset the impacts to communities, we have invested in frontline education and social services delivery through the Revenue Support Grant, used our levers on infrastructure and innovative finance and protected those programmes aimed at equality, community regeneration, sustainability and climate change.
- In line with our commitment to tackling poverty we are protecting funding for Communities First which makes an important contribution within the 10 per cent most deprived areas in Wales with the long term aim of contributing to alleviating persistent poverty.

- Employment offers a high level of protection against poverty. Therefore to develop economic capacity budgets have been protected by maximising the opportunities to lever in additional funding such as European Funding.
- Transport decisions have been made with the intention of mitigating the negative impacts on protected groups with service continuity and remaining responsive to the need of local communities. The concessionary fares scheme ensures that services continue to support older and disabled people. To support this we have protected concessionary fares and committed £9.75m to the Young Persons' Discounted Bus Travel Scheme. These actions will help to create access to opportunities for work, education, training and apprenticeships and for people from low income households.

Document is Restricted

Communities, Equality and Local Government Committee

Date: 21 January 2016

Time: 10:45 -11:45

Title: Evidence paper on the Draft Budget:
Deputy Minister for Culture, Sport and Tourism

Introduction

1. This paper provides background financial information to the Committee regarding my spending plans as the Deputy Minister for Culture, Sport and Tourism – in respect of the **Culture & Sport budgets** within my portfolio, as outlined within the Draft Budget. The Minister for Economy, Science and Transport is addressing tourism at the Enterprise and Business Committee on 14 January 2015.
2. Annex B gives a breakdown of the Draft Budget figures for Culture & Sport, by Action, and by Budget Expenditure Line (BEL) within each Action.
3. The Committee has requested information on specific budgetary matters as set out in the Annex to the letter inviting me to attend the Committee session. Responses are incorporated within this Evidence paper.

Background and Summary

4. An overview of the 2016/17 Draft Budget allocations for Culture & Sport is summarised in the table below:

Spending Programme Area	Baseline Budget 2015-16 £'000	Change £'000	Draft Budget 2016-17 £'000
Revenue:			
Arts	31,835	(1,500)	30,335
Museums, archives and libraries	36,170	(1,782)	34,388
Sports and physical activity	23,891	(1,286)	22,605
Media and Publishing	3,526	(374)	3,152
The historic and natural environment	14,686	(1,453)	13,233
TOTAL REVENUE	110,108	(6,395)	103,713
Capital:			
Arts	355	0	355
Museums, archives and libraries	4,043	(70)	3,973
Sports and physical activity	345	0	345
Media and Publishing	60	0	60
The historic and natural environment	4,901	0	4,901
TOTAL CAPITAL	9,704	(70)	9,634
TOTAL DEL BUDGET	119,812	(6,465)	113,347
Annually Managed Expenditure (Pension provisions)	3,013	0	3,013
TOTAL BUDGET	122,825	(6,465)	116,360

5. The only differences between the Baseline Budget for 2015-16 and the Supplementary Budget for 2015-16 relate to capital. Details are set out in paragraphs 9 to 11 below:

Budget Priorities

6. The Culture and Sport portfolio is at the heart of the Welsh Government's aim to enrich the lives of individuals and communities through our culture, heritage and sport by enabling more people to enjoy them. The portfolio also makes a contribution towards health and health services, growth and jobs, educational attainment, and supporting children, families and deprived communities, including the tackling poverty agenda.
7. Culture and Sport policies have sustainable development at their core, balancing the pressing short term needs and long term interests of the people of Wales. For example, improving participation in sport

and physical activity is an integral and important part of our whole Government approach to raising levels of physical activity in Wales and improving the health and well-being of the nation, thus helping to prevent increased demands on health services in the future.

Budget changes - Revenue

8. The impact of the near cash budget reductions on both internal and external organisations when comparing the 2015-16 Baseline Budget to the 2016-17 Draft Budget proposals is summarised in the following table:

Organisation	Baseline Budget 2015-16 £'000	Draft Budget 2016-17 £'000	% reduction
Revenue (Near Cash):			
Arts Council of Wales	31,671	30,171	4.7
National Museum Wales (Note 1)	21,886	21,003	4.0
National Library of Wales	9,721	9,261	4.7
Sport Wales	22,373	21,313	4.7
Cadw	8,915	7,712	13.5
Museums, Archives and Libraries Services	2,193	1,754	20.0
The Royal Commission for Ancient and Historic Monuments in Wales	1,712	1,531	10.6
Welsh Books Council	3,526	3,152	10.6
National Botanic Garden	650	581	10.6

Note 1: the reduction to the National Museums budget of 4% reflects additional Invest to Save funding of £0.154m in 2016-17 for investment in energy efficiency. If this is excluded, the reduction to the baseline is 4.7%.

Budget changes – Capital

9. The total capital budget at £9.634m is £0.070m lower than the baseline capital budget for 2015-16. This is purely due to repayments of Invest to Save funding due from the National Museums and the National Library in respect of energy efficiency investments.
10. In 2015-16, there were one off allocations of £5m for a Capital Loan Scheme for Sport and Leisure Facilities; and £0.2m to the National Library of Wales to create additional storage space, together with additional office space to enable the relocation of the Royal Commission for Ancient and Historic Monuments to the National Library site. These amounts have not been included in the capital baseline figures set out in the table in paragraph 4 above.

11. In addition, compared to the Supplementary Budget for 2015-16, an adjustment of £0.500m has been made in the 2016-17 Draft Budget from the *Museum, Archives and Libraries* Action to the Cadw BEL in the *Historic and Natural Environment* Action. This restores the baseline budgets for these two Actions following a non-recurring transfer made in the 2015-16 Budget in order to provide additional funding for the St Fagan's redevelopment programme.

Annually Managed Expenditure

12. Annually Managed Expenditure budgets support provision for any pension charges which may be necessary in respect of the pension schemes of Amgueddfa Cymru – National Museum Wales and the National Library of Wales. The 2016-17 budget of £3.013m remains unchanged from 2015-16. This is a non cash budget.

RESPONSES TO THE SPECIFIC INFORMATION REQUESTED BY THE COMMITTEE

13. Responses to the specific information requested by the Committee are as follows:

Presentation of the budget

14. A copy of the 2016-17 Draft Budget broken down by Budget Expenditure Lines is attached at Annex B.

Programme for Government commitments

15. In preparing for future financial restraints, we have sought to target investment to maintain the focus of our spending plans on our main priorities of: health and health services; growth and jobs; educational attainment; and supporting children, families and deprived communities. This will include investment on the delivery of ongoing Programme for Government commitments.
16. Despite the challenges presented by the late timing of the UK Spending Review, we have used planning for the Draft Budget 2016-17 as an opportunity to look ahead to target investment in sustainable outcomes and adopt the five key ways of working established by the Well-being of Future Generations Act. The Act provides public bodies with a shared purpose through the establishment of seven well-being goals for Wales, and the five key ways of working ensure that public bodies will take a long-term perspective when making decisions; that they consider what actions are required to prevent problems arising in future, or to prevent current problems from getting worse; that they take an integrated and collaborative approach to decision making; and that they involve users in the planning and delivery of services.

17. All remaining Programme for Government commitments are deliverable from within the available budget. While there will be pressures on budgets, it is a question of prioritising the work from within the overall budgets. We will be stressing to our WGSBs the importance of prioritising delivery against our commitments.
18. Delivery of commitments and their associated outcomes is monitored as we progress through the year. This includes the meetings I have with the Chairs and Chief Executives of the sponsored bodies, and the discussions at the Quarterly Monitoring meetings at official level. Evaluations are undertaken periodically and as appropriate in order to ensure that the desired outcomes are being achieved and that the investments are delivering value for money.

Key policies

Budget allocations

19. Discussions about future budgets and the implications of any budget reductions are part of a regular dialogue which is held with the WGSBs. Discussions are held at official level on a quarterly basis in monitoring meetings, where they are a standard item on the agenda. In addition, I discuss funding and budget issues at my six monthly meetings with the Chairs and Chief Executives of each body. Then, as part of the decision process for setting budgets, I receive through my officials representations from each of the main WGSBs of the issues facing them and what the impact would be of budget reductions.

Implementation of the Historic Environment Strategy

20. The Historic Environment Strategy for Wales sets out how the historic environment contributes to Welsh Government priorities in terms of jobs and skills, economic well-being and sustainable development; public participation and improving access; improving and supporting educational attainment; tackling poverty and improving life-chances.
21. Many of the “big ticket” actions in the Strategy have already been delivered, including the Community Archaeology Framework, the Pan-Wales Heritage Interpretation Plan, Lifelong Learning improvements, in-house delivery of Open Doors, and the £19m EU-funded Heritage Tourism Project, which is estimated to have created over 1,000 jobs and supported nearly 300 construction jobs, as well as bringing an extra £19m to the economy.
22. Other projects, such as the Battlefields inventory and the Slate Industry World Heritage Site bid, are being delivered in partnership with other organisations in the sector, and will therefore have more modest costs to Cadw associated with them.

23. The budget allocation for Cadw has reduced as follows:

	2015-16 £'000	2016-17 £'000	% change
Revenue budget – near cash	14,215	13,912	(2.1)
Income	(5,300)	(6,200)	17.0
Net near cash revenue budget	8,915	7,712	(13.5)
Capital	4,791	4,791	-
Total budget	13,706	12,503	(8.8)

24. The reduction in the near cash revenue budget of 13.5% will be largely covered by projected increases to Cadw's income figures. The budgeted income figure for this year was set at £5.3m. However, the Cadw operation has since been split into two operating units, with one responsible for the management of the monuments, and the other responsible for Cadw's statutory role. There are separate Deputy Directors responsible for each, and new initiatives to attract additional visitors – including the completion of the Heritage Tourism Project - have resulted in an increase to the forecast income figure for this year to £5.7m. The full year effect of these, accompanied by some planned price increases next year, have resulted in an income target of £6.2m for next year.

25. The reduction in the revenue expenditure budget will therefore be contained to 2.1%. The budget has been afforded a degree of protection to reflect the fact that there will be additional costs in delivering the Historic Environment (Wales) Bill. The budget for the Royal Commission for Ancient and Historic Monuments has been reduced by 10.6%. However, the balance of the funding within this Action between Cadw and the Royal Commission will be reviewed based on the precise costs of delivering the Bill, and the elements which may be discharged by the Commission.

Implementation of the provisions within the Historic Environment (Wales) Bill

26. Additional expenditure required in 2016-17 as a result of the implementation of the Historic Environment (Wales) Bill is estimated at up to £0.230m. The ongoing cost thereafter will be up to £0.197m per annum. The costs will be met from Cadw's budget line. Depending on the requirement of any amendments during Stage 3, there may be additional consequential costs.

27. The overall budget for the historic environment has been set to take account of the increase in projected income and required expenditure reductions as set out above; together with prioritising the above funding for the implementation of the Bill.

28. The baseline revenue budget for each of the bodies has been reduced by 4.7% for 2016-17. The total reduction for the National Museums is lower at 4.0% as a result of a net allocation of £0.154m Invest to Save funding for energy efficiency investments, which is repayable. Provision of free entry to these institutions remains a Programme for Government commitment.

29. The capital funding for maintenance has been retained at £0.600m and £0.550m respectively for the National Museums and the National Library. In addition, the National Museums will receive £1m for the ongoing project to redevelop St. Fagan's, which is a Programme for Government commitment, and which is also receiving £12m of Heritage Lottery Funding. The bodies are not being allocated capital budgets for specimen purchase grants as part of the Draft Budget. These amounts have been transferred to the strategic leadership for museum, archive and library services action, and decisions will then be taken as to how this capital funding will be allocated in 2016-17.

Information on the level of funding provided to implement the *Libraries Inspire Strategy* the *Museums Strategy for Wales*, and *Archives for the 21st Century*, including how this links with the strategies' outcomes to date and future outcomes

How the recommendations of the recent *Expert review of local museum provision* have influenced allocations.

30. These initiatives are funded from the budget allocation for the strategic leadership for Museum, Archive and Library services. The budgets for this Action may be summarised as follows:

	2015-16 £'000	2016-17 £'000
Revenue:		
MALD Grant Programme	1,693	
People's Collection	500	
Total Revenue	2,193	1,754
Capital:		
MALD Grant Programme	1,000	
People's Collection	50	
Total Capital	1,050	1,893

31. Revenue funding has been reduced by 20%, from £2.193m to £1.754m. This funding is used to implement national strategies for the sector, together with continued support for the delivery of Casgliad y

Werin Cymru – People’s Collection Wales digital heritage programme, which is also a Programme for Government commitment. Whilst the total budget has been reduced, there is still £1.754m to be allocated, and the funding will be prioritised to partnership working and sustainable services to maintain and develop these valued public services; together with an allocation for the People’s Collection which has not yet been determined.

32. The total capital budget is £1.893m, increased from £1.050m with the transfer of specimen purchase grant funding totalling £0.843m from the National Library and National Museum. The original baseline of £1.050m includes £1m for the Community Learning Libraries Programme investment in modernisation of public libraries, and to enable the co-location of services; together with £0.050m for the People’s Collection.
33. The *Libraries Inspire* strategy comes to an end in 2016 and is being independently evaluated on its outcomes and achievements. The findings will help inform the creation of a future library strategy, alongside evidence including the Expert Review of Public Libraries. *Libraries Inspire* is a four year strategy (2012-16), supported by a capital and revenue programme of funding, with outcomes focused on sustainable models of service delivery, digital access, modernised library facilities, improving literacy skills and attracting the audience.
34. The level of funding provided over the period of the strategy to implement *Libraries Inspire* has been £3.505m revenue and £4.250m capital.
35. To date, around £0.200m per annum has been allocated for the implementation of *Archives for the 21st Century*. This funding has supported collaborative approaches to improve professional standards and to increase access to collections. This work will continue along with work designed to increase the resilience and sustainability of these small and specialised services.
36. The *Museums Strategy for Wales* will be reviewed in 2016 and a new strategy developed. This will take into account the findings of the Expert Review of local museum services. To date, around £0.475m per annum has been allocated to strategy implementation. It is intended that this work will continue, identifying key programmes that will offer opportunities for service improvement and developing partnership approaches to delivery.
37. The precise allocations to support these strategies in the future will be based on advice which I will be receiving from officials on the programme for the strategic leadership of these sectors.

How the continuing need to tackle barriers to arts participation and to promote access to the arts in schools has impacted on budget allocations for the arts

38. The budget reduction to the Arts Council of Wales grant-in-aid budget for 2016-17 is 4.7%. In addition to this funding from the EST portfolio, the Arts Council will be receiving £1.8m from the Education and Skills portfolio for work to implement the recommendations in Dai Smith's Report on arts in education. This education money is for a *specific programme of work*, so cannot be diverted to offset other reductions to ACW's budget; however it is indicative of the fact that *overall* Welsh Government support for the arts remains at a high level, and should not just be viewed in terms of our grant-in-aid to ACW.
39. The 2016/17 Remit Letter will emphasise that tackling barriers to arts participation and promoting greater access to the arts by all social groups must remain key priorities. To compensate for the budget reduction, we will require ACW to accelerate and extend its work to help revenue funded arts organisations to increase their self-generated income. This will involve the full range of options including different fundraising models, commercial activities, grants from UK trusts and foundations, philanthropy, sponsorship and EU funding.
40. ACW will shortly be launching a new portfolio of revenue funded organisations (RFOs). In the coming weeks it will need to decide how to distribute its grant-in-aid amongst the organisations that it has provisionally agreed to fund. ACW has acknowledged that the bids for RFO status were somewhat lacking in proposals for collaborative and partnership working. In view of this I have asked ACW to look where appropriate to require more collaboration and resource sharing by RFOs as a condition of funding, in order to making its funds go further, e.g. by sharing back office functions, etc.
41. ACW is also a lottery distributor. Under the National Lottery Act 2006, distributors cannot use lottery funds to replace 'lost' government funding. However, they can use lottery funds to supplement government funding. There may be scope therefore, for Lottery funds to alleviate some of the burden of current funding pressures.

Priorities for the media and broadcasting policy in Wales and how these are reflected in budget allocations

42. Welsh Government funding for the publishing and media industry is channelled through the Welsh Books Council. This includes funding for a Welsh-language on-line news service, Golwg 360, which has an average daily visit rate of over 8,500 and support for Welsh-medium news and current affairs publications *Golwg*, *Y Cymro* and *Barn*.
43. The funding to the Books Council also supports English-language magazines which cover several areas including current affairs/culture.
44. The Programme for Government commitments in terms of broadcasting involve staff resource (funded from the Welsh

Government Central Services and Administration MEG) as opposed to programme funding from the EST MEG.

45. Since the Comprehensive Spending Review in 2010 the Welsh Government has consistently expressed concern to the UK Government about the impact any further major funding cuts will have on S4C. It is vital that S4C has sufficient funding, as well as editorial and managerial independence.

Impact to date of budget reductions for the Welsh Books Council

46. The revenue budget for the Welsh Books Council has been reduced by £0.200m per annum for each of the last two years, being a reduction from £3.926m in 2013-14 to £3.526m in the current year, 2015-16. This has had the following impacts:

- The number of books being published with the support of the Welsh Government through the WBC has been maintained - but this is largely due to the fact that a number of these publications were commissioned up to three years ago and before a reduction in granting funding.
- The funding available across all commissioning pots and across both languages has been reduced during the 2015-16 financial year by around 3% - which will have some impact on the publishing output in 2017/18 and beyond.
- The decrease in the amount of funding available for marketing projects, alongside the present economic climate, resulted in a decrease in sales of 6.9% through the WBC's Distribution Centre during the financial year 2015/16 compared to the previous year. However, sales were boosted the previous year due to additional funding provided by the Education Department to all Welsh primary schools to purchase reading material in both languages – this issue has therefore contributed to the reduction.

47. Budget provision for the Welsh Books Council is being reduced by £0.374m in 2016-17. The proposed reductions will lead to:

- The need for the WBC to consider, the balance of support for Welsh-writing in English alongside the support for Welsh language publishing. I will be discussing this issue with them; and
- There is likely to be some reduction in the number of books published, although efficiencies will be sought, and additional funding is being provided to the Welsh Books Council in 2015-16 to upgrade their IT systems.

48. Discussions are currently taking place with the Education and Skills Minister about the role which the Welsh Books Council might play in

the production of Welsh and Welsh medium classroom materials for the new curriculum.

49. In addition, the Welsh Books Council is actively seeking funding from other sources, including a Lottery bid for a reader development programme in Swansea, which may cushion the impact of the reduction.

Given the Committee's concerns last year about the reduction in revenue for the sports and physical activity Spending Programme Area, an update on the impact this has had to date on participation levels, and how this has influenced budget allocations for 2016-17.

50. We continue to see an increase in the percentage of children and young people taking part in Sport. From the last School Sport Survey in 2015, we know that 48% take part three or more times a week, an increase of 8% from the previous survey in 2013. However, there remains a gender difference in participation and a gap between levels of participation in deprived areas compared with less deprived areas.

51. The budget for Sport Wales for 2016-17 is £21.313m, being a reduction of 4.7% compared to 2015-16. I am discussing with Sport Wales how we can continue to prioritise the programmes they deliver, to achieve our objective of increasing participation, and to achieve the benefits that brings in terms of wellbeing and improved health.

52. As a universal benefit, the budget for Free Swimming has been protected and uplifted by 1% above overall changes to the Wales DEL budget. We continue to invest in free swimming for children and young people to provide informal opportunities to be active but our primary focus is on teaching them to swim. We remain committed to the aspiration that every child will be able to swim by the time they reach 11 years of age, and our drive to offer opportunities for older people to enjoy swimming as a form of physical activity. We will continue to invest in Free Swimming and the swimming infrastructure to deliver those commitments.

Work that has been undertaken to monitor and mitigate the impact of the reduction in local government funding on the delivery of local services within your portfolio area (e.g. library, museum and archive services; local sport and leisure services; smaller and third sector organisations working in the fields of the historic environment and the arts)

53. Local authorities in Wales face budget pressures, in particular on how to maintain services and facilities provided on a non-statutory basis. How local authorities set their budgets in relation to non-statutory services is a matter for those authorities.

54. Whilst I recognise the challenges all local authorities face, I will be working to promote best practice, in terms of approaching decisions in

a way that is joined up and enables organisations to make decisions in the context of the Well-being of Future Generations Act.

55. Where Local Authorities are considering alternative models of delivery, I am advocating co-operative, mutual and other models only as an alternative to ceasing or privatising services as a 'least worst' option. A national framework is being developed to support Local Authorities to make decisions locally on the appropriateness of alternative models in specific service areas, and which sets out the practical support available to public service organisations, their workforce, citizens and communities in making decisions about how those services should be designed and delivered. There are three important pre-conditions for this work which are: accountability to local government; protection of employee terms and conditions; and continuation of trade union recognition. This framework will take account of responses to the consultation which closed on 13 January.
56. I am also reviewing the extent to which budgets across the Welsh Government contribute to spend on the arts and sport, to ensure that we get maximum benefit for the funding provided.
57. I recognise that there are some specific and difficult challenges regarding local authority arts funding. Out of ACW's 69 current revenue funded organisations ('RFOs'), 43 also receive local authority funding. ACW has made it clear to authorities that an arts organisation's inclusion in the new RFO portfolio depends on it being certain that the RFO has a viable and sustainable future. If an authority cannot continue its funding, and by doing so endangers an organisation's financial stability, ACW will have to re-visit its provisional decision; if the RFO is not viable, it will not be included in the portfolio. My message to authorities is to consult and engage with ACW before making firm decisions about future arts funding – there may be help that ACW can give, and at the least it can advise on other potential delivery options, which may enable such services to continue.
58. I have issued guidance on best practice for Community Managed Libraries, which are run by enthusiastic and dedicated volunteers.
59. To monitor the impact of the financial cuts on the statutory public library service, my officials in Museums, Archives and Libraries Division (MALD) work with local authorities to assess performance under the Welsh Public Library Standards. The evidence gathered under the current framework (2014-17) includes outcome measures and case studies for the first time, and these provide excellent examples of the real difference libraries make to people's lives.
60. My officials in MALD also provide advice and support to local authority library services in relation to areas such as community asset transfer, trust status and changes in provision. Advice and support is

offered to archive and museum services in relation to developing joint services, moving to trust, and maintaining statutory standards.

How equality, sustainability and consideration for the Welsh language have influenced budget allocations

61. This is covered in Annex A – Strategic Integrated Impact Assessment.

Preventative spending

62. The most obvious example of preventative spend in my portfolio is spending to increase physical fitness. There is a clear evidence base that substantiates the link between physical fitness and healthy life expectancy. We do of course need to continue to improve the effectiveness of our spending in this area, and evaluate how far increases in habits of physical activity among young people are maintained into lifetime habits, if spending is to really deliver the potential of being “preventative” in terms of reducing public spending on health in later life.

63. I would also highlight other respects in which spending in my portfolio has the potential to be preventative:

- Most parts of my portfolio (e.g. sport, the arts, libraries, heritage and access to the historic and natural environment) are likely to make a contribution to mental well-being. The costs of mental illness to the Welsh economy are significant. *The First Incomplete Field Guide to Wellbeing in Libraries* highlights the contribution made to support the health and wellbeing of people across Wales. The research on the health benefits of intensive engagement with creative and cultural activities through art therapy and workshops led by artists is well recognised in the literature on cultural impact, although there is little evidence at present on whether any benefits could also be gained from less intensive engagement, such as attendance at arts events.
- Dai Smith’s 2013 Report on “Arts in Education in the Schools of Wales” flags the international evidence that the arts can contribute to raising educational attainment, particularly of children from lower socio-economic backgrounds. Museums and heritage organisations can contribute similarly. Helping to raise educational attainment is likely to raise people’s life chances and therefore has the potential to be preventative in terms of public spending. That is one of the reasons why I am working to increase the contribution that the arts and heritage can make to raising educational attainment, by:

(i) working with the Education and Skills Minister to implement ‘Creative Learning through the Arts’, our 5-year £20 million action plan to implement the Smith Report, in partnership with ACW;

(ii) working to implement the recommendations from Baroness Kay Andrews' 'Culture and Poverty' report; and

(iii) developing a programme of educational events in or near Communities First areas, including this year:

- Artists in Residence projects at Segontium Roman Fort, Parc le Breos Cwm on the Gower (Swansea cluster) and Tintern Abbey (Cardiff cluster)
- The Bryn Celli Du Public Archaeology project worked with CF school groups from Holyhead
- - Art Project at Caerphilly Castle which worked with pupils from schools within that cluster.
- - The Lord Bute project linking schools in Butetown with Castell Coch and Caerphilly castles
- Ffiliffest – a Welsh language schools event – with children for several schools (some in CF wards in Caerphilly) on a dancing and performance event at Caerphilly Castle every June. 100s of school children get the chance to dance at the castle and enjoy being in an outdoors setting. During the celebration event day, the children explore the castle and get a chance to take part in various art activities in an outdoor setting.

64. "Self-led" learning visits to Cadw monuments have been free for a number of years. From 2016-17, the Historic Environment Service (Cadw) will absorb the cost of extending this provision to the "facilitated learning" visits. Research collated by the Education Endowment Foundation has shown that additional learning in this way can have a high impact, particularly for younger learners, for very low outlay – not only developing literacy and numeracy but also developing skills, confidence and self-esteem:

- Cadw has begun a pilot scheme with the Community Payback Service (Probation Service) to undertake work at its monuments. The pilot recently started at Dinefwr with a small number of offenders, and is aimed at giving something to local communities and forcing offenders to repay the community for the wrong they have done.
- Previous work with HM Parc Prison and YOI and pupil referral units has contributed to Welsh Government education and employment objectives. Education and the attainment of skills and qualifications are widely recognised as major factors in preventing children becoming offenders, and reducing the longer-term risks of reoffending.

Provision for legislation

65. Details of the costs associated with the implementation of the Historic Environment (Wales) Bill are set out above.

66. There are no known significant impacts on the budget of any UK legislation in the portfolio area.

Strategic Integrated Impact Assessment

How equality, sustainability and consideration for the Welsh language have influenced budget allocations

The outlook for public finances, as a result of the UK Government Spending Review, continues to be challenging. As a result of pressures across the Welsh Government, budget decisions for the culture & sport part of the portfolio have been difficult. The decisions have taken into account a large number of factors, including the need to protect jobs as far as possible, both within our WGSBs and across the wider sectors in which they operate; the need to protect investment in the arts and sport, particularly in view of the community benefits they provide; together with related equality, sustainability and Welsh language considerations.

The nature of my portfolio is that much of the work is discharged by the delivery organisations which I fund. I will be asking these bodies again this year, in their Remit Letters and Funding Letters, to ensure that they fully take into account equality, sustainability and Welsh language considerations in the detailed decisions they will be taking on budget allocations, to ensure that impacts on those groups with protected characteristics are minimised or mitigated.

National Museums, Archives, Libraries, Arts, Culture and Sports contribute to tackling inequality, provide education of our culture to young people, while at the same time supporting tourism and improving our international reputation. We will continue to work collaboratively with our partners to minimise the impact on protected groups.

We know that tough decisions will need to be made about local services that benefit the people of Wales. To provide sustainable local services such as libraries and leisure centres will require a collaborative approach which seeks alternate delivery models. In 2015-16, I have made it a condition that my capital budget which was used historically for modernisation of public libraries is used to enable co-location of services. I intend to continue with this approach.

We have protected the Free Swimming programme, which encourages the people of Wales to take up exercise and healthy lifestyles. While it is identified that take up for those aged over 60 is increasing, that for those aged under 16 is reducing. Additionally, there is evidence that children in socio-economically deprived areas are more likely to fail to learn to swim by the age of 11. The scheme has therefore been refocused so that local authorities receive funding in direct relationship to the number of children in socio-economically deprived areas within their catchment.

We are discussing with Sport Wales the priority programmes, to achieve our objectives of increasing participation to achieve the benefits that brings in terms of wellbeing and improved health; and to ensure that key programmes aimed at addressing the equality agenda are protected, including programmes aimed at

increasing participation by females, and by people from black and minority ethnic backgrounds.

Some 80% of the grant-in-aid funding for the National Museums of Wales and the National Library of Wales is used to fund staff costs. As a result of the budget reductions, and the consequent need to reduce staff, there are likely to be some impacts particularly older staff.

The reduction in the budget of Cadw will be largely offset by increased income generation, which will enable the protection of key programmes.

We have taken the lead in articulating the powerful role that arts and culture can play in tackling poverty. This is reflected in the two reports commissioned by Welsh Government on *Arts in Education in the Schools of Wales* and *Culture and Poverty: Harnessing the power of the arts, culture and heritage to promote social justice in Wales*. These reports set out the important role that culture, heritage and the arts play in inspiring people to learn and gain skills, and emphasises the importance of cultural activities to improving the aspirations, ambitions and prospects of children and young people.

This work is being taken forward by means of the *Fusion* programme, which focuses on helping individuals, families and communities living in one or more Communities First areas to have more lasting engagement with culture and heritage. This will help provide a solid evidence base for the most effective cultural interventions on educational attainment, skills, health, and families and deprived communities; and ensure that culture is mainstreamed within the planning and evaluation of the Communities First Programme. I am working with the Minister for Communities and Tackling Poverty to take this programme forward in a co-ordinated manner.

The Arts and Creative Learning Plan (*Creative Learning through the Arts: an action plan for Wales, March 2015*) will implement the recommendations of the *Arts in Education* report. The aim of the Plan is to increase and improve arts experiences and opportunities in schools, and to improve attainment through creativity. It supports the Welsh Government's three education priorities of improved literacy and numeracy, and of reducing the impact of poverty on educational attainment.

The Arts Council of Wales and the arts sector are playing a key role in helping the Welsh Government to address child poverty and are taking forward a number of actions to ensure children and young people, particularly those from disadvantaged areas, are able to benefit from and participate in arts activities. This includes looking at ways to provide free and subsidised access to cultural activities for low income families, and activities targeted at young offenders. Again, we are in discussions with the Arts Council about protecting key programmes.

Spending Programme Area Baseline Budget 2015-16 £'000

Revenue

Arts	31,835
Museums, Archives and Libraries	36,170
Sports and Physical Activity	23,891
Media and Publishing	3,526
The Historic and Natural Environment	14,686
Total Revenue	110,108

Capital

Arts	355
Museums, Archives and Libraries	4,043
Sports and Physical Activity	345
Media and Publishing	60
The Historic and Natural Environment	4,901
Total Capital	9,704

Total DEL Budget

Annually Managed Expenditure (Pension Provisions)	3,013
Total DEL Budget	3,013

<u>Total Budget</u>	<u>122,825</u>
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CULTURE AND SPORT - BUDGET BEL TABLE 2016-17 in £'000s						
REVENUE BUDGET - Departmental Expenditure Limit						
SPA	Actions	BEL	BEL Number	Baseline Budget 2015-16 £'000	Change £'000	Draft Budget 2016-17 £'000
Support and sustain a strong arts sector via the Arts Council and others	Support and sustain a strong arts sector via the Arts Council and others	Arts Council of Wales	5800	31,671	-1,500	30,171
		Arts Council of Wales - Depreciation	5800	119	0	119
		Support for the Arts	5812	45	0	45
Total Support and sustain a strong arts sector via the Arts Council and others				31,835	-1,500	30,335
Museums, Archives and Libraries	Foster Usage and Lifelong Learning through Museum Services	Amgueddfa Cymru - National Museum of Wales	5540	21,886	-1,037	20,849
		Amgueddfa Cymru - National Museum of Wales - Depreciation	5540	1,120	0	1,120
		Amgueddfa Cymru - National Museum of Wales - Invest to Save Funding	5540	0	154	154
		Foster Usage and Lifelong Learning through Museum Services		23,006	-883	22,123
	Foster Usage and Lifelong Learning through Library Services	National Library of Wales	5660	9,721	-460	9,261
		National Library of Wales - Depreciation	5660	1,250	0	1,250
		Foster Usage and Lifelong Learning through Library Services		10,971	-460	10,511
	Strategic Leadership for museum, archive & library services	Museums, Archives and Libraries	6170	2,193	-439	1,754
		Strategic Leadership for museum, archive & library services		2,193	-439	1,754
	Total Museums, Archives and Libraries				36,170	-1,782
Delivery of effective sports & physical activity programmes	Delivery of effective sports & physical activity programmes	Sports Wales	5900	22,373	-1,060	21,313
		Sport Wales - Depreciation	5900	779	0	779
		Support for Culture & Sports	6012	739	-226	513
Total Delivery of effective sports & physical activity programmes				23,891	-1,286	22,605
Media and Publishing	Media and Publishing	Welsh Books Council	6150	3,526	-374	3,152
Total Media and Publishing				3,526	-374	3,152
Conserve, protect, sustain and promote access to the historic and natural environment	Conserve, protect, sustain and promote access to the historic and natural environment	Cadw	2700	8,915	-1,203	7,712
		Cadw - Depreciation	2700	275	0	275
		Cadw - Other non cash	2700	3,000	0	3,000
		RCAHM - Running Costs/Current Expenditure	6200	1,712	-181	1,531
		RCAHM - Depreciation	6200	134	0	134
		National Botanic Garden of Wales	2710	650	-69	581
Total Conserve, protect, sustain and promote access to the historic environment				14,686	-1,453	13,233
				110,108	-6,395	103,713
Less Depreciation & other non-cash				-6,677	0	-6,677
Near Cash				103,431	-6,395	97,036

CAPITAL BUDGET - Departmental Expenditure Limit						
SPA	Actions	BEL	BEL Number	Baseline Budget 2015-16 £'000	Change £'000	Draft Budget 2016-17 £'000
Support and sustain a strong arts sector via the Arts Council and others	Support and sustain a strong arts sector via the Arts Council and others	Arts Council of Wales - Capital Investment (inc WMC)	5800	355	0	355
		Support for the Arts - Capital Investment (inc NGBW)	5812	0	0	0
Total Support and sustain a strong arts sector via the Arts Council and others				355	0	355
Museums, Archives and Libraries	Foster Usage and Lifelong Learning through Museum Services	Amgueddfa Cymru - NMW - Capital Maintenance Grant	5540	600	0	600
		Amgueddfa Cymru - NMW - Specimen Purchase Grant	5540	538	-538	0
		Amgueddfa Cymru - NMW - St. Fagans	5540	1,000	0	1,000
		Amgueddfa Cymru - NMW - Invest to Save Repayment	5540	0	-45	-45
		Total Foster Usage and Lifelong Learning through Museum Services		2,138	-583	1,555
	Foster Usage and Lifelong Learning through Library Services	National Library of Wales - Capital Maintenance Grant	5660	550	0	550
		National Library of Wales - Specimen Purchase Grant	5660	305	-305	0
		National Library of Wales - Invest to Save Repayment	5660	0	-25	-25
		Total Foster Usage and Lifelong Learning through Library Services		855	-330	525
	Strategic Leadership for museum, archive & library services	Museums, Archives and Libraries	6170	1,050	843	1,893
Total Strategic Leadership for museum, archive & library services			1,050	843	1,893	
Total Museums, Archives and Libraries				4,043	-70	3,973
Delivery of effective sports & physical activity programmes	Delivery of effective sports & physical activity programmes	Sport Wales	6010	345	0	345
Total Delivery of effective sports & physical activity programmes				345	0	345
Media and Publishing	Media and Publishing	Welsh Books Council - Capital		60	0	60
Total Media and Publishing				60	0	60
Conserve, protect, sustain and promote access to the historic and natural environment	Conserve, protect, sustain and promote access to the historic and natural environment	Cadw - Capital Expenditure	2700	4,791	0	4,791
		RCAHM	6200	15	0	15
		National Botanic Garden of Wales	2710	95	0	95
Total Conserve, protect, sustain and promote access to the historic environment				4,901	0	4,901
Total Capital - Culture and Sport				9,704	-70	9,634

REVENUE BUDGET - Annually Managed Expenditure						
SPA	Actions	BEL	BEL Number	Baseline Budget 2015-16 £'000	Change £'000	Draft Budget 2016-17 £'000
Museums, Archives and Libraries	Museums	Museums Pensions	5641	2,391	0	2,391
	Libraries	Libraries Pensions	5781	622	0	622
Total Museums, Archives and Libraries				3,013	0	3,013
Total AME - Culture and Sport				3,013	0	3,013

SPA	Actions	BEL	BEL Number	Baseline Budget 2015-16 £'000	Change £'000	Draft Budget 2016- 17 £'000
	Culture and Sport - Summary					
	Revenue DEL			110,108	-6,395	103,713
	Capital DEL			9,704	-70	9,634
	Total DEL			119,812	-6,465	113,347
	Annually Managed Expenditure			3,013	0	3,013
	Total - Culture and Sport			122,825	-6,465	116,360

Agenda Item 4

Public papers to note cover sheet

Paper No:	Issue	From	Action Point
Public papers to note			
4	Welsh Language	Welsh Language Commissioner	Additional information following the meeting on 10 December 2015



Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol
Communities, Equality and Local Government Committee
CELG(4)-01-16 Papur 4 / Paper 4

Christine Chapman AM
Chair
Communities, Equality and Local Government Committee
National Assembly for Wales

6 January 2016

Dear Christine

Evidence session on the Annual Report - further questions

Thank you for your letter dated 17 December following my appearance in front of the Communities Committee last month.

Your letter raised some further questions which the members did not have time to discuss during the session. I shall answer these questions in the order that they were raised.

1. **The Government's response to the Commissioner's report, "*My Language, My Health: the Welsh Language Commissioner's Inquiry into the Welsh Language in Primary Care*"** - on 17 December, I received an update from the Minister for Health and Social Services on how the Government has implemented the recommendations in the report. My officers are currently considering the response and I have a meeting with the Minister on 6 January to discuss this further.
2. **Local Government Bill, establishing a Welsh Language Task and Finish group in Local Government administration and economic development** - if local government reorganisation were to take place, experience shows that good practice in terms of the Welsh language needs to be established from the start. Forming new authorities would provide an opportunity to establish a new culture and new working practices which promote the Welsh language from the beginning. This would require detailed planning and robust guidance. Thus far, my officers and I have held constructive discussions with the Minister for Public Services and civil servants and I welcome the establishment of the Task and Finish Group. I look

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forward to receiving more information on the Group's work. In the meantime, I have written to the Minister for Public Services and to Rhodri Glyn Thomas AM, who has been appointed chair of the Group, declaring my willingness to provide advice and support as required.

3. **Revising TAN20 following the passing of the Wales Planning Act 2015** - including references to the Welsh language in the Planning Act was an important step and it ensured that the Welsh language was given statutory status in planning procedures for the first time. In order to ensure that the requirements of the Act are met, it is crucial that national policy and the guidance provided to planning authorities by the Government are revised to reflect the Act. I explained that whilst giving evidence during the scrutiny process of the Act. The Government has started consultation on the proposed changes to TAN20 this week. My officers will consider these changes in the coming weeks and I will then respond to the consultation. I expect the revised TAN20 to provide full guidance on how to meet the new Welsh language requirements in the Act. In addition, and in order to ensure that the Welsh language is treated appropriately and consistently within the planning procedure, the new TAN needs to provide a methodology which enables planning authorities to assess the impact of their development plans and individual developments on the Welsh language, as is required under the Act. At first glance, I have doubts whether the new TAN meets this requirement.
4. **The provision within the Welsh Language (Wales) Measure 2011 in terms of interfering with the freedom to use Welsh** - as I explained during the evidence session, this part of the Measure is a new concept and only a small number of incidents have been reported so far. It may be useful to re-examine the criteria in due course, in order to ensure clarity for those wishing to ask the Commissioner to investigate a case. I do not currently feel that there is sufficient evidence to enable me to form definite conclusions on this issue. In accordance with the expectations of section 119 of the Welsh Language Measure, I will continue to consider the sufficiency and appropriateness of this part of the Measure and, if it becomes clear that this part of the Measure needs to be revised, I will comment accordingly in my annual reports.
5. **The Welsh Government's draft budget in relation to the Welsh language** - I have experienced cuts to my budget over the past two years, with further cuts planned for the next financial year. Compared with a budget of £4,100,000 for 2013-14, cuts of £410,000 (10%) were experienced in 2014-15 and a cut of £300,000 (8%) in 2015-16. Although the Welsh Government's draft budget does not specifically identify what the budget for 2016-17 will be, I received a letter from the First Minister on 23 December informing me of another cut of 10%. This would mean a further cut of £339,000, leaving an annual budget of £3,051,000. That means that the organization will have experienced financial cuts of 26% in 3 years (32% in real terms with inflation). In order to mitigate the impact of the cuts, the First Minister noted in his letter that an additional £150,000 would be available for 2015-



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Welsh Language
Commissioner

16, in order to enable me to plan and prepare for the challenging rolling programme which will be introduced in relation to the Welsh language standards.

I trust that this response addresses the Committee's additional questions. You are welcome to contact me if you wish to discuss any other issue.

Yours sincerely,

Meri Huws
The Welsh Language Commissioner

Agenda Item 7

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

Document is Restricted

Agenda Item 8

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

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