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Deputy Minister for Social Partnership



Llywodraeth Cymru  
Welsh Government

Jenny Rathbone MS  
Chair of the Equality and Social Justice Committee  
Welsh Parliament  
Cardiff Bay  
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2 March 2022

Dear Jenny,

Thank you for the Committee's report on the Scrutiny of the Welsh Government's Draft Budget 2022-23 outlining six recommendations for the Welsh Government.

We would like to thank members of the Committee for their report. Please find enclosed the Welsh Government response to these recommendations in advance of the vote on the Final Budget on 8 March.

Yours sincerely,

**Jane Hutt AS/MS**  
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Minister for Social Justice

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

## Welsh Government Response to report of the Equality and Social Justice Committee on the 2022-23 Draft Budget

### Recommendation 1

We recommend that the Welsh Government reviews the Strategic Integrated Impact Assessment with a view to publishing a more detailed account of how Draft Budget decisions impact on different groups, and that an updated SIIA is laid before the Senedd at least two days before the debate on the Final Budget scheduled for 8 March.

### Response: Accept

Since publication of the draft budget we have published an extensive summary of all Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG containing close to 400 pages providing a more detailed account as to how Draft Budget decisions have impacted on different groups.

This builds on the significant amounts of information already published as part of our Draft Budget with the impact of spending decisions outlined as part of the main narratives in chapters four and six, complemented by the Strategic Integrated Impact Assessment at Annex D. This SIIA outlines the contextual evidence that has supported our spending decisions, including the impact of the pandemic on children and young people.

Annex D also includes more-detailed case studies on the impacts of specific spending decisions. We have also published the Chief Economist Report, a distributional analysis of devolved public spending and a new Infrastructure Finance Plan under our new Wales Infrastructure Investment Strategy.

We also remain committed to continually reviewing our approach to assessing impacts of budget decisions as part of the annual Budget Improvement Plan (BIP), including reviewing our Strategic Integrated Impact Assessment. An update on this work will be published alongside the 2023-24 Draft Budget. For the reasons set out here, we do not believe publishing a further update SIIA is needed.

**Financial Implications:** None

## **Recommendation 2**

We recommend that the Welsh Government enables other public, private and third sector bodies to benefit from its work, and the data gathered, by committing to an open source data policy for the work of the Equality Evidence and Data Unit.

### **Response: Accept**

The main aim of the new Equality, Race and Disability Evidence Units is to improve the availability, quality, usability and accessibility of equalities data for other stakeholders as well as for Welsh Government. This includes making data available, wherever possible, via an open data source for others to use.

In line with Welsh Government Social Research and Statistical quality standards and publication protocols, the Equality, Race and Disability Evidence Units will publish any evidence they produce.

Co-production and collaboration with stakeholders from different sectors are also key elements in the way the new Equality, Race and Disability Evidence Units will design, deliver and disseminate their work.

### **Financial Implications:**

There are no additional financial implications for this recommendation. The work of the Equality, Race and Disability Evidence Units relevant to other public, private and third sector bodies will be delivered from the Unit's agreed budget. This includes funding to look at appropriate and accessible dissemination.

## **Recommendation 3**

We recommend that the Welsh Government provides more detail regarding how it will fund implementation of the Gender Equality Review ahead of the debate on the Final Budget scheduled for 8 March.

### **Response: Accept**

Our Advancing Gender Equality in Wales plan is a first step in achieving a long term vision of gender equality across Wales, it sets out how we will implement the recommendations of the Gender Equality Review. That plan was published in March 2020.

While progress on implementing some of the recommendations in the plan has been slower than we'd hoped due to the impact of Covid, work is now well underway to

address priority actions, re-build momentum and make swift progress in implementation. Some of the key recommendations have already been delivered.

In late 2021 the Minister for Social Justice agreed that a subgroup to Strengthening and Advancing Equality and Human Rights group be convened to ensure specific and detailed oversight of implementation of the plan. The group held its first meeting on the 2 February 2022. They have established three priorities for the first twelve months of operation and will focus on care, violence against women and women's health.

The Plan was published prior to the onset of Covid 19 and therefore makes no reference to the ongoing and exacerbated impact that the response to the pandemic meant for gender equality.

We have therefore, commissioned the Wales COVID-19 Evidence Centre and the Bangor Institute for Health & Medical Research (BIHMR) to identify international, innovative practice that may be included in a revised version of the Advancing Gender Equality in Wales Plan to ensure it properly responds to the impact of Covid 19 in relation to gender equality.

The work of the COVID-19 Evidence Centre will be considered alongside an internal progress review against the plan and an analysis of the lived experience of women in Wales throughout the pandemic, undertaken by WEN Wales, to be completed by March 2022.

Each piece of evidence will be used to contribute to a re-designed version of the Plan, updated to reflect the impact of the Covid 19 pandemic in Wales to be published later this year.

However, we have not let this update work hamper implementation and our Programme for Government sets out a number of commitments which prioritise key elements of the Plan.

- We have committed to fund childcare for more parents in education and training and those on the edge of work.
- We have committed to work in social partnership to eliminate the pay gap for gender, ethnicity and disability by 2050.
- We are establishing an Equality Evidence Unit which will offer a targeted resource to support improvements to evidence on both sex and gender.
- Gender equality is a core part of our broader commitment to Senedd reform.
- We published our Period Dignity Strategic Action Plan for consultation in October and will publish the final version later this year.

- We have committed to strengthening the Violence against Women, Domestic Abuse and Sexual Violence Strategy to include a focus on violence against women in the street and workplace as well as the home in order to make Wales the safest place in Europe to be a woman.

**Financial Implications:** There are no additional financial implications for this recommendation. As the committee report notes, the draft Budget includes a number of spending commitments designed to improve gender equality and the work outlined above is included in the current budget.

#### **Recommendation 4**

In response to rising rates of inflation, which the Bank of England expects will be sustained in the coming months, the Welsh Government should keep under review allocations designed to help alleviate poverty (such as the DAF and the SAF) for the poorest and most disadvantaged in our society and should prioritise and/or re-prioritise funding as may be necessary.

#### **Response: Accept**

Building on the steps we have already taken within our 2022-23 Draft Budget to respond to the emerging economic impacts of rising inflation we recently announced a cost of living package worth more than £330m covering 2021-22 to 2022-23 with further details contained within our 2021-22 second supplementary budget and 2022-23 Final Budget.

This included a further £15m for the Discretionary Assistance Fund in 2022-23. This funding will extend the additional flexibilities in place to enable people to get more support, on a more frequent basis until March 2023, which helps people pay for essential costs including food, fuel and clothing.

Alongside this we have allocated £1.7m in 2022-23 for the Single Advice Fund to maintain additional benefits advice capacity for a further year and support income maximisation so more people receive high quality advice and information about what support is available and how to access it.

We also recognise that this is an evolving picture. With increases to household bills, National Insurance rises and associated impacts to supply chains and the costs of goods starting to impact from April we will continue to monitor these impacts closely.

#### **Financial Implications:**

A transfer from reserves will take place during 2021-22 and 2022-23 to fund the packages of support set out above.

## Recommendation 5

We recommend that both Welsh and UK governments work together to find a pragmatic solution whereby Wales does not lose out financially and which enables the Basic Income pilot to take place. We urge this action by both governments on behalf of the care experienced young people that the pilot is ultimately designed to help.

### Response: Accept

The UK Government has confirmed that that any payment to meet everyday costs would be taken into account as income for Universal Credit purposes and would not be disregarded. This means Welsh Government funding will be displacing UK Government funding. The payment level the Minister for Social Justice announced on 16 February has been set to be broadly equivalent to the real living wage and has been set to ensure participants are not worse off given the UK Government's approach.

The Minister for Social Justice has since written to the Rt Hon Dr Thérèse Coffey MP, Secretary of State for Work and Pensions and the John Glen MP, Economic Secretary to the Treasury to formally request the UK Government put in place the necessary systems to enable taxation at source by our intended start date of 1 July 2022.

We have yet to receive a formal response from the UK Government regarding the Minister's letter, however, officials are working with colleagues in the Welsh Treasury to begin discussions with HMRC about getting this bespoke tax system in place and to confirm if the basic income payments would attract National Insurance contributions.

**Financial Implications:** No financial implications

## Recommendation 6

We recommend that the Welsh Government commission independent, expert research advice to improve how we measure the effectiveness and impact of preventative spending measures. This work should draw on international examples and best practice and should conclude before the Budget process for 2023-24 begins in December of this year.

### Response: Accept

Through our reformed Budget Improvement Impact Advisory Group (BIIAG) we will engage with key stakeholders on improving budget and tax processes aligned to delivery of the Budget Improvement Plan (BIP) which already outlined the actions we intend to take improve how resources are deployed to support a shift in preventative activities.

We currently engage with international experts and other nations to draw on best practice in areas of wider budget process improvement. In this context we will consider the case for using commissioned expert advice reflecting the need to consider the appropriate point when such an approach can have the greatest benefit balanced against the costs of doing so.

An update of delivery of the Budget Improvement Plan will be published alongside the 2023-24 Draft Budget.

**Financial Implications:** To be met within existing budgets