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Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MA-RE-1277-22

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

26 April 2022

Dear Peredur,

Thank you for your Committee's scrutiny of the Second Supplementary Budget 2021-22 and the report that followed.

I attach a written response to the recommendations made which I hope you find useful.

Yours sincerely,

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

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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 RECOMMENDATIONS FROM THE FINANCE COMMITTEE REPORT:

SCRUTINY OF WELSH GOVERNMENT SECOND SUPPLEMENTARY BUDGET 2021-22

APRIL 2022

Recommendation 1

The Committee recommends that the Welsh Government takes steps to publish information about in-year consequential and transfers it receives from the UK Government, including how those are calculated and whether they are done so in-line with the agreed methodology, particularly when different figures are being quoted by the Welsh and UK Governments.

Response: Accept

Details of changes to the Welsh Government's budget are published as part of each Welsh Government budget event. Where practical, further information will be provided in respect of transfers from other government departments and how these have been calculated.

The UK Government publish full details of all consequential that have been received in the Block Grant Transparency Report. The latest version was published in December 2021 and can be found at

<https://www.gov.uk/government/publications/block-grant-transparency-december-2021>

Recommendation 2

The Committee recommends that the Welsh Government continues to press the UK Government for additional flexibility to spend allocations it receives late in the financial year and calls on the Welsh Government to provide an update on any discussions it has with HM Treasury on this matter.

Response: Accept

The Welsh Government continues to press the UK Government for additional budgetary flexibilities alongside the other devolved Finance Ministers. At the Finance Inter-ministerial Standing Committee held on 21 March we led an agenda item on Devolved Government budgeting and communications, providing examples of our year-end budgeting experience and stressing the importance of the need for greater certainty.

An action was agreed for officials to work together to consider whether year-end processes can be operated more effectively within the existing fiscal frameworks. Officials will report back to the next meeting of the Finance Inter-ministerial Standing Committee, which is expected to take place before summer recess.

We are grateful for the cross party-support from the Finance Committee and your continued representations on this issue would be welcomed.

Recommendation 3

The Committee recommends that the Welsh Government provides an update on the joint review of the in-year and end-year budget processes it has requested be carried out once a response is received from the Chief Secretary to the Treasury, and asks for details regarding its terms of reference to be shared with the Committee prior to its commencement, assuming its request is granted.

Response: Accept

We received a disappointing response from the Chief Secretary to the Treasury on the 21 February. His response did not refer to our request for a joint review of the in-year and end-year budget process, but agreed to continue to explore ways to communicate as effectively as possible and ensure the arrangements for operating the fiscal structures work effectively. This work will be taken forward under the Finance Inter-ministerial Standing Committee as outlined in the response to Recommendation 2.

Recommendation 4

The Committee recommends that the Welsh Government publishes information about the balance on the Wales Reserve at the outturn position and also as part of documentation accompanying all future budgets.

Response: Accept

The Welsh Government produces a Report on Outturn annually as part of a well-established process which includes the balance on the Wales Reserve. A copy is sent to the Finance Committee once the annual accounts are audited and signed off by the Auditor General for Wales. This practice will continue. In addition, the reports are also published on the Welsh Government internet site.

All Welsh Government budgets set out where funds are planned to be drawn from the Wales Reserve in respective financial years. We will look to include further information regarding the Wales Reserve where it is practical to do so.

Recommendation 5

The Committee calls on the Welsh Government to provide further updates on the work it is doing to raise the profiles of grants and schemes designed to address the cost of living crisis and reiterates its call for the development of an integrated system of support in response to the acute financial pressures many households are experiencing.

Response: Accept

The Welsh Government's Child Poverty Review found that many families were either unaware of the support available to them or they experienced barriers applying for the financial support they were entitled to.

The Review reported to Cabinet in March 2020 where it was agreed that this element of the findings should be taken forward as a matter of priority to help households affected by the pandemic.

In response, in November 2020 we launched an [Income Maximisation Action Plan](#) (IMAP) which set out a series of actions to help families manage the financial impacts of the pandemic by supporting financial resilience and cutting essential costs.

Progress in delivering activity outlined in the Plan to help maximise incomes and reduce living costs was published in a [Final Report](#) in June 2021.

On 17 February 2022, the Minister for Social Justice hosted a Cost of Living Summit. Delegates again raised the need for increased publicity about the financial support available to struggling households and the need to simplify and streamline access.

Work is continuing on a number of work streams in the IMAP including the delivery of Objective 1 - that families in Wales are supported to claim all the financial support they are entitled to. A number of actions were developed to support the delivery of this objective:

1.1 Implement a communications strategy to raise public awareness of existing benefits, services and programmes to alleviate income poverty.

Throughout March 2021 we delivered the first national benefits take up communications campaign in Wales, promoting awareness of the available benefits and other financial support that people can access. The campaign resulted in an additional **£651,504** claimed by those entitled to benefits.

In October 2021, we launched our second national take-up campaign, to raise people's awareness of welfare benefits and encourage them to phone Advicelink Cymru to get the help they need to navigate the benefit system. The campaign is currently being delivered primarily on digital/social media platforms.

On 21 March 2022 we relaunched our council tax 'green pig' campaign as households begin to receive bills for the financial year ahead. The campaign raises awareness of

the wide range of support households can receive with their council tax, and urges people to find out if they are eligible. This year we have broadened the reach of our content on social media, our advice network of over 400 organisations, plus GP surgeries and pharmacies.

In January 2022 we appointed a new Advertising Agency who are developing a suite of creative materials which will be delivered on all platforms, including, TV, radio, social media/digital, local/national newspapers, targeted leaflet / mail outs to key population groups. We expect our national integrated take-up campaign to commence in April.

We have recently updated our [Financial Support for Individuals](#) leaflet which provides information on how families are able to access support that may be available to help them now. We have concluded a procurement exercise to appoint a contractor to develop the frontline workers free awareness raising training that was delivered throughout 2021. The new sessions will commence in April 2022 and run through to the end of the financial year.

The recent Winter Fuel Support Scheme was promoted via our communication channels, and officials worked closely with the WLGA and local authorities to support take-up.

A toolkit of communication resources was issued to our stakeholders, including the Child Poverty Action Group and National Energy Action. Our Income Maximisation communication campaign also included national digital and radio marketing of the Winter Fuel Support Scheme, to further ensure eligible households receive support with their fuel bills this winter.

The Tenancy Hardship Grant was communicated at a national level to all landlords and letting agents through Rent Smart Wales, as well as through all private rented sector stakeholders on social media and other channels. Local authorities engaged with local contacts to try to spread the word to tenants, such as housing support services and Jobcentre Plus offices, as well as running local communications campaigns, such as advertising in train stations and on bus shelters. The Tenancy

Hardship Grant was also promoted through the wider Income Maximisation communication campaign.

1.2 Run targeted activities to raise awareness of benefit entitlements, encourage take-up and facilitate longer term behavioural change amongst groups least likely to claim the financial support they are entitled to.

From October 2020 to March 2021, six Test and Learn pilots targeted tailored messages and support to encourage take-up amongst groups least likely to be claiming all the financial support they are entitled to.

The pilots took place over five months and engaged with 1,440 households who received advice and support to resolve 5,087 welfare benefit issues and 1,802 issues relating to other social welfare advice areas such as housing, debt and employment issues. As a result, £2,468,052 in additional income was claimed.

The Welsh Government has maintained the funding it provided for the pilots to enable welfare benefit advice service to continue to be targeted at priority groups in the six Single Advice Fund Regions.

1.3 Prepare and deliver focussed information packs and awareness raising training for frontline workers and trusted intermediaries who support children and families living in poverty.

Under the IMAP we also developed a programme of training for frontline workers. The pilot aimed to deliver increased advice and support on welfare benefits through existing family support models. These participants covered a variety of roles that included early language support workers, family support workers, dads support workers, Flying Start coordinators and DWP colleagues.

As of 23 September 2021, 215 sessions have been delivered with an average attendance of 14 frontline workers at each session.

Feedback from frontline workers is extremely positive with 60% reporting their knowledge of welfare benefits had increased and they had more confidence in their ability to help services' users claim the benefits they are entitled to.

Around six weeks after attending a session, frontline workers were contacted and asked to complete a questionnaire which showed that 70% had used the learning from the session to identify service users that could be claiming a welfare benefit and 20% confirm that their service user had made a successful benefit claim, which they were previously unaware they were entitled to.

A procurement exercise has recently been completed to appoint a contractor to deliver a new programme of free online training for frontline workers. The sessions will commence from April 2022 and run through to the end of March 2023.

1.4 Action Research Pilot to deliver increased advice and support on welfare benefits through existing family support models, to help maximise income.

The introduction of the Single Advice Fund (SAF) in January 2020 has ensured the Welsh Government is grant funding strategically planned, cost effective and integrated advice services that are helping to meet the increasing demand for access to advice services.

The benefit advice services delivered through the SAF are invaluable in helping people to navigate through the benefit system to better understand what they may be entitled to and how to claim. Everyone who accesses the SAF services is offered a 'welfare benefit entitlement check', regardless of the presenting problem they contacted the SAF for help upon, e.g., housing, employment problem, etc. Since the Single Advice Fund was introduced in Wales over 117,000 people have been supported to gain additional income of over £67 million.

The Single Advice Fund service delivery model includes Advice, and Access Partners. Access Partners are a wide range of community organisations who reach out to their service users to ensure people understand how they can access the advice they need.

1.5 Deliver a system of 'passporting' between local authority benefits making it easier and quicker to apply for support in Wales.

We have worked extensively with local authorities to identify ways to simplify and streamline the application process for Welsh benefits and identify options for increasing take up.

Our work with local authorities identified a range of barriers to developing a system of passporting between Welsh benefits including IT system capabilities and concerns about data sharing.

However, it also highlighted a range of activity which helped to increase take up. Initiatives included the use of single application forms for all local authority administered benefits and automatic assessment of entitlement between different benefits. Many undertook activity to raise awareness such as mail drops, the development of websites that direct people to additional help and proactive work with schools.

Informed by this collaboration we developed and published a [Best Practice Toolkit](#). This collates 'what works' in helping to simplify and streamline the application process for devolved benefits making them more accessible to people in need.

Poverty officials are currently working with Welsh Government colleagues leading on initiatives such as free school meals for primary school pupils, PDG-Access and the Council Tax Reduction Scheme to explore options for removing barriers to take up and develop options for improving access.

Recommendation 6

The Committee recommends that the Welsh Government sets out its targets for reducing waiting times and more generally, include in its budget documentation, the outcomes and impacts expected for additional NHS funding and how it will progress its NHS recover plan.

Response: Accept

As committed by the Minister for Health and Social Services, a recovery plan to address waiting times, "Our programme for transforming and modernising planned care in Wales and reducing the waiting lists" is to be launched on April 26th.

The document captures our commitments to the public in Wales, supported through a set of high-level performance ambitions in reducing the waiting times for patients in Wales as follows¹:

- No one waiting longer than a year for their first outpatient appointment by the end of 2022.
- Eliminate the number of people waiting longer than two years in most specialities by March 2023.
- Eliminate the number of people waiting longer than one year in most specialities by Spring 2025.
- Increase the speed of diagnostic testing and reporting to eight weeks and 14 weeks for therapy interventions by Spring 2024.
- Cancer diagnosis and treatment to be undertaken within 62 days for 80% of patients by 2026.

The plan sets out the priorities for recovery and the milestones we expect to achieve. The plan is challenging and focuses upon the reduction in waiting lists and times as well as transforming the way we deliver elective care in Wales.

Below is the list of investment to support the plan with a brief summary of their aims and outcomes:

- £170m recurrent recovery revenue currently devolved to each health board via their annual allocation. The allocation will support the health board's local plans to deliver their part of the national ambitions. Supporting the investment was a list of areas for focus:
 - Implementation of the recommendations of the National Endoscopy Programme.
 - Regional cataract services in line with advice from the Planned Care programme.
 - Regional plans for aspects of orthopaedic services based on the orthopaedic clinical strategy work.

¹ These measures will be broken down by under 18 and over 18 to ensure equity of age

- Strengthened diagnostic and imaging services based on advice commissioned from the National Imaging Programme.
 - Implementation of the Critical Care Plan developed by the Critical Care Network.
 - Plans for improving cancer and stroke services
- Monitoring of progress against agreed plans will form part of the current NHS accountability structure, in conjunction with the developing recovery governance structure, supported by the director of recovery appointment in the NHS executive.
 - £20m recurrent revenue to support value-based health care- This will support NHS recovery, with a focus on delivery of high value interventions that ensure improved outcomes for patients and support service sustainability and reducing waits for treatment over the medium term.
 - £15m recurrent revenue for planned care programme- to provide financial support for the implantation of national solutions against the planned care five goals.

Due to the integrated nature of planned care services, investments in other supporting areas will also be important to support the delivery of its ambitions such as diagnostics (including endoscopy), workforce and education, mental health and primary care.

As part of the Welsh Government's budget published on 1 March 2022 we have outlined additional resources to support mental health and well-being with £50m in 2022/23. This funding will provide flexibility to support services to respond to changing mental health needs and continue to support a number of priority areas set out in the Together for Mental Health Delivery Plan, including increasing our universal offer for mental health support and increased access to psychological therapies.

Recommendation 7

The Committee recommends that the Welsh Government takes further steps to promote the financial support available to carers through the Second Supplementary Budget, including unpaid carers, so that they are aware of

funding to which they're entitled and calls for such initiatives to be evaluated and for the Committee to be notified of any outcomes.

Response: Accept

It is more critical than ever that people across Wales understand all the financial support that is available to them and the response to Recommendation 5 sets out information about our communications strategy to raise public awareness of existing benefits, services and programmes.

In relation specifically to unpaid carers, we established the £1.25m Carers Support Fund in 2020 to help unpaid carers cope with increased financial pressures arising from the pandemic. In 2021-22 we allocated an additional £1.25m to continue this fund. Carers Trust Wales have overseen the administration of the fund, with its network partners of carers' organisations advertising grants to unpaid carers within their local communities. Their approach focussed on identifying unpaid carers who were not already known to statutory support services.

In 2020-21, the fund reached almost 6,000 unpaid carers, 2,500 of whom were previously not receiving any form of support. Between November 2021 and January 2022 over 2,300 carers received support.

Evaluations of both years of the support fund found that it has helped a wide range of unpaid carers in every part of Wales. In addition to the financial support offered by the grants, carers have also benefitted from the person-centred support services, advice and information provided by Network Partners. We will be happy to share the evaluation report with the Committee.

The Welsh Government recently announced funding of £29m to provide a £500 one-off payment to the 57,000 unpaid carers in Wales who are in receipt of Carers Allowance. The payment will support those individuals who care for someone for at least 35 hours a week and have low incomes. Unpaid carers will be required to register with their local authorities to receive the payment and we are investing in a targeted communications campaign to maximise take up of this payment.

To help address the needs of all ages of unpaid carer to access short breaks and respite opportunities £9m of new funding over the next three years was announced on 11th April. The scheme will increase opportunities for unpaid carers to take a break and support them to enjoy regular periods away from their caring responsibilities. The scheme will be co-ordinated by a third sector organisation working with others across the public and third sector to enable more unpaid carers access the right break for them, at the right time. The coordinating body will be responsible for promoting the scheme and will work with delivery partners to ensure the funding reaches unpaid carers who are most in need of respite.

Recommendation 8

The Committee recommends that the Welsh Government provides a breakdown of the additional £70 million capital funding allocated through this Second Supplementary Budget by local authority, and further information to the Committee on why this was allocated, as well as clarify the objectives the Welsh Government expects this funding to achieve.

Response: Accept

The breakdown of the additional £70million general capital funding is set out in the table below:

Unitary authority	Total (£)
Isle of Anglesey	1,700,529
Gwynedd	3,213,159
Conwy	2,696,632
Denbighshire	2,375,866
Flintshire	3,184,856
Wrexham	2,757,955
Powys	3,614,902
Ceredigion	2,276,806
Pembrokeshire	2,959,219
Carmarthenshire	4,670,755
Swansea	5,023,754
Neath Port Talbot	3,510,338
Bridgend	3,115,671
The Vale of Glamorgan	2,702,921

Rhondda Cynon Taff	5,417,635
Merthyr Tydfil	1,234,318
Caerphilly	3,817,739
Blaenau Gwent	1,502,409
Torfaen	2,125,858
Monmouthshire	1,916,731
Newport	3,210,014
Cardiff	6,971,933
Wales	70,000,000

Local authorities are facing many challenges with capital programmes as a result of interruptions and delays perpetuated by Covid and the current general escalating costs in the construction industry. This includes increased costs because of contractors having to social distance under regulations for parts of the year; delays because of construction workforce capacity due to Covid related absences and self isolation; competition for contractors and specialist services due to delays in 2020 and 2021 because of Covid restrictions; and general inflation in contract costs and materials.

Local authority capital investment programmes are long term and run over more than one year with commitments and contracts running over more than one financial year. The draft local government settlement was published later than usual this year due to the timing of the UK Government Comprehensive Spending Review and the knock on effect to the publication of the Welsh Government. This means that local government have very little time to adapt their programmes to take account of the reduction in funding for 2022-23 following the disappointing capital budget received from the UK Government.

All authorities have different priorities and are at different stages in current capital programmes across varying policy areas. The additional allocation of general capital funding gives local authorities the flexibility to manage their capital programmes to meet any additional costs from contracts in the current year and manage their programmes and financing options to get best value from their resources, through the immediate use of the grant, reduction in borrowing requirements or management of self-financing through reserves.

The allocations were made on the basis of the local government general capital formula which takes into account different authorities' characteristics and factors impacting spending need.

Recommendation 9

The Committee recommends that the Welsh Government provides further information regarding how the additional £22 million allocated to bus services in the Second Supplementary Budget was determined, how it has assessed the sufficiency of this support to meet its objectives and how the Minister intends to evaluate its impact.

Response: Accept

The Welsh Government has supported the bus industry throughout the pandemic using targeted funding interventions.

The level of funding required was established throughout the year based on the needs of industry and WG's desire to ensure that we maintained a core bus network during the pandemic which enabled people to make essential journeys throughout. This also ensured that a suitable network continued to exist beyond the pandemic to allow WG to take forward its Programme for Government objective to deliver modal shift from private car use to public transport and active travel.

This support continues throughout the recovery period. Officials will undertake an evaluation of the support offered at the end of the financial year 2023 and provide further information to the Finance Committee at that point.

Recommendation 10

The Committee recommends that the Welsh Government provides further information about the appointment of 20 additional Senior Civil Servant posts, including why they were needed, what roles the successful candidates have taken up in the organisation and whether the appointments are made on a permanent or fixed term basis.

Response: Accept

In the summer of 2020, the former Permanent Secretary, Shan Morgan, put a business case to the First Minister for an external recruitment scheme to recruit up to 20 new Deputy Director roles. The roles were agreed with Ministers as the highest priorities in terms of pressures and gaps, with roles across a number of different portfolio areas. The scheme was also used as a pipeline for filling vacancies arising at Deputy Director level.

Building a workforce for the third decade of devolution means developing a more agile, policy and analytically capable organisation, with strong influencing and public sector leadership skills, as well as operational delivery skills. The objective of the scheme was to grow these capabilities within the Welsh Government SCS so that it is:

- **More skilled at policy development:** core Civil Service skills or strategic thinking, drafting, policy analysis and stakeholder engagement coupled with agility and digital capability;
- **More diverse:** our record on gender equality is reasonable although not exemplary, but our record on Black Asian and Minority Ethnic employees and disabled employees has to be improved so we better reflect the communities we serve;
- **More permeable:** part of a wider Welsh public service that encourages interchange.

The recruitment scheme had a positive impact on our equality and diversity targets. Appointments were made on a permanent basis with the skills and experience of successful candidates matched to the most appropriate posts. Candidates started to take up post from January 2021. A reserve list was maintained for matching to future vacancies and this expires in June 2022.

Recommendation 11

The Committee recommends that the Welsh Government provides further information regarding the scope and timing of the Permanent Secretary's

review of the Welsh Government's operating model, the efficiency and effectiveness of the Welsh Government Civil Service.

Response: Accept

The former Permanent Secretary, Shan Morgan committed to a review of the Welsh Government's operating model. The detailed scope of the review and related improvement actions were not determined at this point as the out-going Permanent Secretary felt it would be appropriate for her successor to take this forward once appointed.

The current Permanent Secretary has subsequently engaged Ministers, the Senior Civil Service, and representative trades unions in discussions on the priorities for organisational development and change as we emerge from a prolonged period of crisis management.

Proposals for an organisational development programme reflecting these discussions were endorsed by the Welsh Government Board on March 18th. On April 4th, the Permanent Secretary launched Welsh Government 2025 as a conversation with staff at all levels on what needs to change to enable the organisation to be fit for purpose in a post-pandemic, post-Brexit world.

A series of 'deep dive' events will be held throughout spring and summer on core elements of organisational development including values and behaviours, workforce, workplace and digital strategies as well as work strands focused on transformational change and continuous improvement.

Early decisions made as part of WG 2025 include the re-structuring of the senior leadership team and Groups to more closely align to the Ministerial portfolios and Programme for Government delivery responsibilities. The re-structure became operational on April 1st.