

Rebecca Evans AS/MS  
Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: RE/743/22

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

26 July 2022

Dear Peredur,

I am writing to provide further information on a few issues that were raised during the scrutiny session on 30 June of the first supplementary budget.

### **Free school meal provision – unit costs**

In order to develop funding allocations to local authorities to support the rollout of universal primary free school meals in Wales, it has been essential to agree a unit rate. This is the rate per pupil, per meal that the Welsh Government intend to fund local authorities in delivering the offer.

Calculating this rate is not straightforward but has considered a number of factors as my response will go on to outline. However, in the first instance, I can confirm that indicative allocations for 2022-23 and offers of grant have now been made to all local authorities on the following basis:

- Local authorities will retain the duty<sup>1</sup> related to the provision of food for those eligible for a free school meal under benefits-related criteria.
- The Welsh Government grant funding will support the expansion of a free meal offer to all those newly eligible as a result of the commitment.
- The unit rate per meal provided through the grant has been set at £2.90.

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<sup>1</sup> Local authorities are required to provide a free school lunch for eligible pupils under the existing 1996 Education Act free school meals provisions. In rolling out the universal offer this requirement will remain. This means that those currently eligible for free school meals through income/benefit related criteria (eFSM) will continue to be funded by local authority budgets (including the Revenue Support Grant) when the universal offer begins. The “new” pupils outside of the 1996 Act provisions who receive a meal will be funded through a Welsh Government grant to local authorities.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

[Correspondence.Rebecca.Evans@gov.wales](mailto:Correspondence.Rebecca.Evans@gov.wales)  
[Gohebiaeth.Rebecca.Evans@llyw.cymru](mailto:Gohebiaeth.Rebecca.Evans@llyw.cymru)

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.

- Funding allocations are based on 86% uptake of the offer among newly eligible learners according to each local authority's plans for rollout in the first year of delivery (calculations are based on the difference between all pupils on Pupil Level Annual School Census (PLASC) 2021 minus those eligible for free school meals under income/benefit-related criteria or through Transitional Protection arrangements which represents the anticipated total expansion).
- A fee to cover additional administration costs incurred as a result of their administration of the offer is also included in grant allocations. For the first year, it has been agreed that this will be set at 6% of each local authority's grant allocation. This is normal with programmes of this scale and reflects the complexity in rolling out this offer.
- Funding will be distributed as part of the Local Authority Education Grant on a demand-led basis. Local authorities will need to prepare termly claims on the actual numbers of meals served. Any variances less than or greater than 86% meals served will be adjusted in the allocation for the next term.
- A review of the unit rate will be undertaken during the first year of delivery, using real-time data on costs/uptake provided by local authorities, in order to develop a deeper understanding and, where appropriate, refine the rate for future years.

As I set out, calculating a unit rate at this stage of delivery of an offer of this scale is not straightforward and in agreeing a rate of £2.90 a number of factors have been considered by the Minister for Education and Welsh Language and his officials. These include the current free school meal unit rates across local authorities, evidence of rising costs, the priority and expectation placed on quality and local sourcing of ingredients, sustainability of the offer, and affordability within the overall funding envelope.

The Welsh Government are, of course, aware of the risk that this rate may prove insufficient as the offer rolls out, and are cognisant of the potential for further pressures being introduced as a result of rising costs generally. We also remain aware that some local authorities will be able to deliver meals at a lower unit rate. However, and at this stage in the rollout of this offer, it is felt that the grant allocations made available to local authorities at this time provide an appropriate basis on which to plan and begin delivering their offer.

The rate that has been set compares favourably with the unit rate of £2.41 in England for universal infant free school meals. Nevertheless, as identified above, the Welsh Government are committed to working with partners from the outset of delivery to better understand actual costs associated with the rollout of this commitment. A review of the unit rate will therefore be undertaken during the first year of delivery.

### **Funding allocated to NHS recovery to address workforce pressures**

We are developing a Workforce Plan to set out our multistranded approach to building and deploying our workforce to support recovery. We must ensure that we support and retain our existing workforce to support recovery over the coming years, focussing on their health and wellbeing to enable them to recuperate and also support recovery of the wider system.

Audit Wales were very positive about the approaches used across Wales during the pandemic and we must build upon this work in the coming years.

At the same time, our record investment in training and education of new members of the workforce will ensure that we are able to deliver increased numbers of new qualified staff into the NHS in the coming years.

We will also continue to recruit additional workforce including from overseas where this is ethical.

However, we have to accept in a very tight labour market we will not simply be able to recruit our way through this. We will also need to ensure that we deploy our existing workforce effectively. This will include encouraging and supporting multi-disciplinary team working, adopting value-based principles with people working at the top of their license with appropriate support and developing and deploying people in new roles.

We also need to think differently about how we organise our services to deliver services which best support service users and make the best use of limited staff time and work in different ways that harness new technology and digital delivery.

Robust workforce planning and effective deployment will be key to underpinning these changes and ensuring we make the best of the workforce resources we have available to us.

### **Funding allocated to reduce NHS waiting times**

The Planned Care Recovery Plan was published on 26 April which sets out our ambition for transforming the way planned care is delivered to ensure patients receive the care and treatment they deserve. The plan was developed in collaboration with clinicians and has a number of challenging, but achievable, ambitions contained within it. The first of these is to have no open pathways over 52 weeks for first outpatient appointment by the end of 2022, followed by having no open pathways over 104 weeks by the end of March 2023.

We expect these targets to be achieved and progress is being closely monitored via the National Director for Planned Care Recovery.

As well as reducing the number of open pathways over 104 weeks, the funding will be used to address transformation and be used to support patients whilst they wait for treatment to ensure that if they do require surgery, they will be fit enough for it.

As you know, we provided £170 million recurrent funding to support this plan, but in addition, there is also £15 million available for planned care transformation and £20 million for value-based healthcare pathways.

We are starting to see some progress in this area. At the end of April, the number of open pathways over 104 weeks fell for the first time since the start of the pandemic.

It is also worth noting that Health boards have developed detailed transformational plans as part of their integrated medium-term plans. These have been scrutinised to ensure that they are effective and offer value for money. Health boards will be expected to demonstrate the additionality that this extra investment has delivered.

### **The concept of 'no detriment' in relation to relocating civil service jobs to Wales**

The 'no detriment' concept, in broad terms, means that no government within the UK will be financially disadvantaged as a result of the decisions or actions of another. In respect of devolved governments, the guidance applying the 'no detriment' concept can be found in the [Statement of Funding Policy](#) (para 2.5; sub-para 10) and the [Fiscal Framework](#) agreed between the Welsh and UK governments (paras 34 – 39).

In most cases, it is expected that the application of the Barnett formula makes sufficient provision to mitigate the impact of differing decisions being taken by respective governments.

In respect of the UK Government's announcement that it would cut 91,000 civil service jobs – all of these relate to UK Government departments. However, the majority of civil service jobs in Wales are within UK Government departments, therefore, there is the strong possibility that a proportion of these cuts would fall in Wales. This would not have a direct impact on the Welsh Government's budget as these jobs are in non-devolved areas.

We will continue our communications with the UK government and strongly oppose any decisions which would lead to a loss of jobs in Wales.

### **'Welsh Government 2025'**

The UK Government's announcement that it will cut civil service staff numbers over the next three years has been widely anticipated and trailed although the scale of the contraction is greater than expected.

Staff terms and conditions below SCS level are devolved. The UK Government has confirmed that the announcement made by the Prime Minister on staff reduction targets does not apply to the devolved administrations.

As with many other aspects of EU exit and the pandemic response, the Welsh Government took very different decisions on our priorities and had to make difficult decisions about how best to manage within very limited resources. We took the deliberate decision not to increase staff numbers in the Welsh Government in the same way as Whitehall - so we will not be making the same reductions. We are not expecting to be penalised through reductions in the money that comes to Wales for having managed so efficiently during the unprecedented challenges of the past four years.

Although we aren't planning to make our workforce smaller, we are always focused on how we can use the capacity and skills we have within the Welsh Government - and the wider public service – as efficiently and effectively as possible for the future. The Permanent Secretary's **Welsh Government 2025** programme will be focusing on developing the organisation to be as efficient and effective as possible over the next three years and for the longer term.

This includes a focus on our workforce, workplace and digital strategies, as well as a continuous improvement drive led at a group level. Some early action, like the group realignment to better reflect Ministerial priorities, has already been put in place to bolster resources in critical areas.

### **Legal Services**

The Legal Services Department has 162 lawyers at present. This number will increase over coming months by the addition of further lawyers to the department. Additionally the filling of some current lawyer vacancies from a recent recruitment exercise will be added and both these things together will mean increased departmental capacity over the coming year.

The Legislative Programme and Legislative Consent Memorandums work is demanding, complex and often time consuming and has to be balanced with other business as usual work for delivery from the department. The department has to date been able to meet the legislative demands placed on it, albeit that some of the work was unplanned and required a quick

response which brought with it significant challenges and Ministers have had to decide on their priorities to assist delivery.

The department is currently in the process of undergoing a reset consultation process to ensure even closer alignment with Ministerial portfolios to assist with delivery.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The script is cursive and fluid.

**Rebecca Evans AS/MS**

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