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Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref:

Peredur Owen Griffiths MS
Chair, Finance Committee
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6 February 2023

Dear Peredur,

Further to the Draft Budget scrutiny session held on 19th January, please find below further information as requested.

PFI Schemes

The Welsh Ministers have three borrowing arrangements with the National Loans Fund at present: two historic loans inherited through public sector reorganisations relating to the Development Board for Rural Wales and Mid Wales Development Corporation drawn between 1974 and 1991 with interest rates ranging from 13.5%-17.25%; and a loan drawn in 2019 under the new borrowing powers granted by the Wales Act 2014 with an interest rate of 1.4%.

The Welsh Government is able to borrow via the National Loans Fund, where the interest rate on a 25 year equal repayment loan is currently 3.7%. Local authorities can borrow via the Public Works Loan Board, where the interest rate on an equivalent loan is currently 4.5%.

The current interest rate is in line with what was assumed for Draft Budget 2023-24. Therefore, it is important to recognise that as a form of finance, government borrowing rates still provides a cheaper option than commercial borrowing, for example.

Our understanding is that three Local Authority PFI contracts have been terminated and one Local Health Board contract has come to the end of its term. However, these are not our contracts and the Committee would need to direct any detailed questions towards the relevant Contracting Authorities.

Budget Improvement and Impact Advisory Group (BIAG)

The 2022 work plan for BIAG included working collaboratively with Welsh Government officials to explore how we could review our approach to the Strategic Integrated Impact Assessment of the Budget (SIIA). This included reforms to the presentation of the SIIA document published as part of the 2023-24 Draft Budget which captures the impact assessment process.

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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.

During 2022 we held three full BIAG meetings which were dedicated to the SIIA, including a presentation of the SIIA and its history. We established a sub-group comprising BIAG members including Chwarae Teg, RSPB, the Equalities & Human Rights Commission and Cytun. The sub-group met on two occasions to discuss and establish what improvements could be made to the SIIA, including changes which were able to be implemented in time for publication in December 2022. We are in discussion with the sub-group on possible longer term actions which could be taken forward in 2023. Further details can be found in the Budget Improvement Plan. <https://www.gov.wales/budget-improvement-plan-2023-2024>

The 2023 BIIA work plan includes Welsh Government officials working collaboratively with members to explore how to embed prevention into our budget and tax processes. We are currently exploring whether a sub-group can be formed to drive this work forward, in a similar vein to the SIIA sub-group. Welsh Government officials have recently delivered a presentation on prevention to BIAG members. I would be happy to offer a similar technical briefing on prevention and the progress being made through working in partnership with BIAG members, if this is something the Finance Committee would value.

Development of a Charter for the delivery of Welsh Benefits

Developed in conjunction with the Income Maximisation Group comprising key stakeholders such as the Bevan Foundation, we have a draft set of principles for the Charter, which stakeholders have agreed is robust. An engagement plan has been developed to take this work forward and officials have identified opportunities to consult with and promote the charter to the following audiences:

- Local authorities and other delivery partners;
- Organisations that support people claiming benefits;
- Individuals who claim benefits.

An integral part of this work will be commitment and sign up from local authorities who deliver the majority of the Welsh benefits. The Welsh Local Government Association (WLGA) have offered to help with this activity via their executive board.

We see the implementation of the Charter as a key element of our work to streamline Welsh benefits which sets out our vision of a fair, equitable system based on rights and entitlements. We are aware however, that there will be a number of practical barriers (including data sharing) to creating a system where a person only has to tell their story once in order to access what they are entitled to.

A Data Sharing Public Service Forum was held by the Welsh Government on 28th November 2022. The Forum, which was attended by a wide variety of public sector colleagues, aimed at dispelling some of the myths and concerns around data sharing. Presentations were given by representatives of the Information Commissioner's Office in Wales, the Wales Accord on the Sharing of Personal Information and the Welsh Government to outline how legislation was an enabler, not barrier, to information sharing and to raise the confidence of teams to use data to support public services.

Centre for Digital Public Services (CDPS)

The CDPS ran a workshop with the WLGA in November 2022. Colleagues from local authorities, Welsh Government and representatives from Citizens Advice across Wales attended. The workshop provided an opportunity for public service workers to share their experiences and knowledge and helped start to identify and tackle the most important problems.

At the end of the workshop, a number of actions were agreed. They included:

- Consistently using the official names given by the Welsh Government for all benefits and services;
- Collaboration between local government and the Welsh Government to co-design new benefits or service information to ensure that local and national campaigns are aligned;
- Continued working between the WLGA and local authorities in Wales to “do it once, do it properly”, making it clear to users whether they are eligible for certain benefits and services or not.

The CDPS is taking forward the learning from the workshop and has recently mobilised a team to work with local authorities throughout February to work on standardising content for the Pupil Development Grant – Access (PDG-A) Grant.

CDPS is using this as a pilot to understand how content can be designed collaboratively to improve quality, accessibility and reduce cost. This work will also be a content design project with English and Welsh designed from the start.

School transport

The Minister for Education and Welsh Language and the Deputy Minister for Climate Change met on 11th January as part of a series of bilateral Ministerial meetings to explore new opportunities to deliver Cymraeg 2050 across all Government policies. The Minister took the opportunity to update the Deputy Minister on issues relating to home to school transport arrangements affecting families attending Welsh-medium education, as raised in his recent meetings with local authorities to discuss progress against their Welsh in Education Strategic Plans. During the meeting the Deputy Minister confirmed that a wider programme of work regarding the Learner Travel (Wales) Measure 2008 was underway following an initial review in 2020 and that this will contribute to discussions on the Bus (Wales) Bill.

The Government has published a White Paper, *One Network, One Timetable, One Ticket*, which sets out an ambitious vision for transforming bus services in Wales. The proposed bill will offer us a chance to look afresh at bus service delivery across Wales, including the provision of school transport. As our aims are ambitious, these reforms will take time, but it is vital that we get this right to support learners and our wider reform programme.

Officials have been in discussions with local authorities and school transport providers throughout Wales regarding the general cost of school transport, as they continue to discharge their statutory duties in providing home to school transport to learners. Local authorities confirm that the cost of school transport services has increased significantly, and in general there have been fewer tender submissions from operators for such work when being procured. Driver availability also remains to be problematic.

There have been differences across Wales in the ways that local authorities have dealt with increases to school transport costs. Some automatically provide an annual inflationary rise to contract prices, some provide when requested, whilst others do not provide at all.

Grants: Longer Duration of Funding and Benchmarking

The Welsh Government Grants Centre of Excellence was commissioned by the First Minister and Cabinet to consider how best to strengthen the relationship with grant recipients and reduce the administrative burden for competitively funded grants. The Grants Centre of Excellence has worked with grant managers across the Welsh Government and engaged with the Third Sector Partnership Council Sub-Committee to help co-create the policy and guidance.

As a result, Grant Managers, working closely with Ministers, now have the option to offer competitively funded grants over a longer duration and adopt benchmarking in the award process, provided there is a thorough review of performance and delivery against outcomes. Benefits of this work include:

- An end to re-competing grants each year, which is administratively burdensome for both grant managers and recipients alike;
- The option of introducing a benchmarking exercise at the end of a competitive grant scheme to determine whether organisations receive additional funding to allow longer duration of funding. To ensure transparency, fairness and a level playing field it is recommended that the benchmarking exercise is clearly set out in the application guidance for new schemes and is not applied as an add-on to an existing scheme. This allows all organisations to understand the parameters of the grant scheme at the outset and minimises the risk of challenge or disadvantage;
- Greater focus on outcomes as well as outputs;
- Greater security for the third sector and the ability to re-focus precious time and resource expended in retaining the expertise of key staff involved in the funded grant activity;
- Allow value for money (VfM) to be demonstrated through our longer-term partnership relationships and benchmarking arrangements established with grant recipients.

The need to compete grants schemes (where applicable) at the outset will continue and represents best practice to ensure value for money. It is also possible that longer grant schemes and benchmarking will not be appropriate in all circumstances.

This new approach was launched on 1st April 2022. Grant Managers have been asked to consider their policy areas and existing arrangements and to familiarise themselves with the new improved processes and consider how this will be applicable, whilst continuing to work closely with Ministerial priorities and budgets. The Grants Centre of Excellence continues to work with Grant Managers and officials across the Welsh Government, collating feedback on changes and impact across the departments, while continuing to co-create guidance, training and ensuring support is available.

I hope this additional information is helpful, but please let me know if you require anything further.

Yours sincerely,



Rebecca Evans AS/MS

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