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Llywodraeth Cymru
Welsh Government

Jenny Rathbone MS
Chair of the Equality and Social Justice Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

1 March 2023

Dear Jenny,

Thank you for the Committee's report on the Scrutiny of the Welsh Government's Draft Budget 2023-24 outlining 12 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 7 March.

Yours sincerely,

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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.

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Written response by the Welsh Government to the report of the Equality and Social Justice Committee on the 2023-24 Draft Budget

Recommendation 1.

The Welsh Government should develop a cost of living plan for next winter to consider how best to assist those affected by the loss of support through the non-recurrent funding. The plan should include a specific focus on ensuring that the most vulnerable are protected. This work should commence immediately; include a set of targets for measuring performance and be published no later than July 2023.

Response: Accept in Principle

In September 2022 the First Minister established the Cabinet Sub-Committee on the Cost of Living, bringing together all Cabinet members and wider partners. This has ensured that our shared responsibility for helping to mitigate the impacts of the crisis are co-ordinated across government, and that all Ministers also can hear from partners about how it is affecting people and communities. The minutes of all meetings can be found [here](#).

The First Minister has also established an independent Expert Group on the Cost of Living, bringing together a range of experts and organisations working on the ground. This group will be making recommendations for the Welsh Government, the UK Government, and others to consider about the best means of supporting people through the crisis, including next winter. Whilst the group is independent and we will not seek to influence their recommendations in any way, it is anticipated that they will focus their advice on the most vulnerable and those disproportionately impacted by the rises in the cost of living. We will consider their recommendations when we receive them and will be happy to share them with this committee.

We will continue to do all we can to support people through this crisis. However, the real terms budget cuts to our settlement from the UK Government limit our ability to do everything we would wish to. We must also recognise that the most important levers to help people struggling with the cost of living sit with the UK Government.

Recommendation 2.

The Welsh Government should set out how it has evaluated the impact of the Discretionary Assistance Fund in previous years and then applied the learning to inform allocations made in the Draft Budget for 2023-24.

Response: Accept

Previous evaluations undertaken focussed on the technical aspect of the service as well as assessing the impact through the extensive DAF partner network, seeking views from support workers, mental health agencies, probation service, homeless charities and domestic violence organisations that support their clients to access the fund. The extreme vulnerability of the client profile applying to the fund has made it very difficult in practice to evaluate the impact first hand. The impact of the small value cash payments given through the fund is also difficult to measure, although it is widely acknowledged that it is a lifeline for many people when they are in crisis.

We have seen a significant shift in the fund since 2020, which has resulted in more than 60% of the budget now being provided as emergency cash payments rather than essential household items to enable resettlement. In past years awards for essential household items to aid resettlement and for people with extreme domestic pressures was the focus of the fund, with fewer emergency cash payments provided for people in crisis. The impact of those awards was easier to determine given the clear benefit that receiving these goods made to a person who was setting up home after a period of crisis.

The factors outlined above add complexity to a comprehensive review of the impact of the DAF. In addition, DAF payments address an immediate crisis that may enable a move to other support. So the impact may show itself through other uptake of routes e.g. the SAF. This makes it very difficult to monitor DAF impact separately from other interventions.

To mitigate these complexities and knowledge gaps, officials are working closely with WG Knowledge and Analytical Services (KAS) to try to establish links and common indicators between demand for the DAF and trends in other areas such as housing, private and social rent and child poverty. This should help in assessing future trends likely to affect the DAF. Officials will also analyse the local authority distributions of DAF payments to ensure that it is being taken up proportionately throughout Wales.

The learning from this exercise will be applied to 2023-24 allocations made in the Draft Budget for 2023-24 and, together with in depth budget monitoring of demand, which is anticipated to show a continued significant increase during 2023-4, will provide more information on the impact of the DAF and the take up across Wales.

Recommendation 3.

The Welsh Government should keep the allocations for the Discretionary Assistance Fund and Single Advice Fund under review, with the potential to increase them if needed. This should include a stock-take of the level of demand for both funds, to ensure there will be sufficient funding for next winter.

Response: Accept in Principle

Welsh Government remains committed to supporting advice services to ensure some of the most vulnerable people in our society have access to quality assured advice on debt, employment, and welfare benefit issues.

Over £11.04m has been awarded for the Single Advice Fund services each year since it was introduced in 2020. The 2023-24 budget will fund a framework of generalist and specialist advice services across Wales, with the collaborative delivery model ensuring services reach people most in need. We know that the cost of living is creating financial pressures in a growing number of households, and we will continue to work with our providers to ensure services are reaching as many people as possible.

An independent need analysis has been commissioned to produce a robust and comprehensive evidence base of the need for social welfare advice. We will use this to guide our decisions on future levels of advice service funding. An independent evaluation of the Single Advice Fund is also being undertaken. This will help us learn lessons on how services responded to the increased need generated by the Covid-19 pandemic and guide our thinking on how the advice sector can be supported to meet the demand for access to advice that lie ahead.

We will closely monitor the demand for the Discretionary Assistance Fund during 2023-24 on a monthly basis and will continue to do all we can to support vulnerable people who are in a crisis situation.

Extensive analysis has been undertaken in January 2023 on the record levels of demand and the significant increases experienced for emergency cash payments during 2021-22 and 2022-23. This analysis has been factored into the decisions about what the fund will be able to deliver in 2023-24. There can be no expectation that the funding will be increased if the demand exceeds the anticipated growth rates. Decisions will be taken to ensure the fund remains manageable and is able to continue to support the most financially vulnerable.

Recommendation 4.

The Welsh Government should use the Benefit Charter to consider how local authorities can passport eligible social housing tenants to support that they are entitled to.

Response: Accept

Although not specifically focussed on social housing tenants, the development of a charter for the delivery of Welsh Benefits is central to our work to streamline the Welsh Benefits system and aims to simplify access to devolved benefits for people in Wales. Developed in conjunction with stakeholders we now have a draft Charter (which sets out the key principles that underpin a fair, equitable system based on rights and entitlements) and are engaging extensively with delivery partners and individuals with a view to it being published by the end of this year. Our initial engagement activity has included organisations who support social housing tenants with plans to further engage with tenants themselves via online surveys and focus groups.

Along with the development of the Welsh Benefits Charter work is being progressed to seek solutions to the practical barriers to streamlining the system that have been identified by delivery partners (local authorities). These include data sharing and lack of unified IT systems. There is research underway which will provide us insight into how data sharing could overcome the barriers people face in accessing their entitlement to (multiple) Welsh benefits and recommendations which will encourage local authorities to implement specific actions that will further support the infrastructure for a streamlined, modern and effective Welsh Benefit system.

Recommendation 5.

The Welsh Government should publish the next iteration of the Warm Homes Programme as a matter of urgency and no later than the end of April 2023 to provide sustainable solutions for households living in fuel poverty. Further, the Welsh Government should confirm that there will be no gap in provision between the end of the current Programme and the next iteration of the scheme.

Response: Accept in Principle

Officials are currently developing the next iteration of the Warm Homes Programme. The new programme will take into account experience and lessons learned from delivering the existing programme and the views of others gathered through the consultation undertaken in 2022. The new scheme will also reflect recommendations from the Climate Change, Energy and Infrastructure; and the Equality and Social Justice Committees as well as various audits.

Ministers will be advised shortly with the aim of publishing a policy statement as soon as possible. It is not possible to guarantee at this point that this can be achieved by the end of April. There will be no gap in provision between the new programme and the existing programme. We will ensure that a new programme is fully delivering before the existing programme ends.

Recommendation 6.

The Welsh Government should provide figures for take-up of the Fuel Voucher Scheme against the targets set when the scheme was launched, both in relation to prepayment meters and off-grid households. It should also consider what lessons can be learned from the take-up of this scheme, and publish a summary of its findings to inform development of future policies.

Response: Accept

As of the 10 February, 11,022 households had received a Fuel Voucher to support them with topping up their pre-payment meter, supporting over 29,000 people. 115 off gas-grid households have received support from the Heat Fund with the bulk purchase of fuel (oil, LPG, coal). The funding has also helped the Fuel Bank Foundation grow its partner network in Wales from 5 to 70 in a matter of months (not including all the local Citizens Advice services who are partners) and we expect this to rise to over 100 by the end of the funding period.

The anticipated take up levels of the demand led fuel voucher scheme and heat fund were predicted based on the Fuel Bank Foundation experience in the rest of the UK. It was expected, for example, that demand would increase as additional organisations joined the Wales network of referral partners. Take up would also be greatly influenced by the severity of the weather over winter.

The Welsh Government will provide final take up figures against the original predicted take up at the end of the financial year. The Welsh Government will work with the Fuel Bank Foundation to undertake a lessons' learned exercise on both the take up of the scheme and the development of the partner network in Wales.

Recommendation 7.

The Welsh Government should clearly set out the total budget allocated to the Anti-racist Wales Action Plan. Further, the Welsh Government should set out a breakdown of allocations across departments for both the Anti-racist Wales Action Plan and the LGBTQ+ Action Plan.

Response: Accept

There have been both specific allocations for anti-racist work as well as implementation that has been built into business as usual, and it is not possible to identify all of that separately. We can commit to providing a fuller explanation of investment in both plans over the next financial year, linked to the work of the ArWAP Accountability Group.

The Anti-racist Wales Action Plan sets out the Goals and Actions we will take over the next 24 months, covering all aspects of public life that shape and influence the experience and life chances of ethnic minority people.

Adopting an anti-racist approach requires the Welsh Government, public services and us all to be proactive in identifying and tackling systemic racism in all aspects of how Wales works. It requires us to look at how racism is built into our policies, formal and informal rules, and the way we work and involve people in the decisions that affect them – and then to do something about it.

This is a whole of government plan with commitments and actions from across Ministerial portfolios, and within the Welsh Government civil service.

A breakdown of allocations across departments for the LGBTQ+ Action Plan was undertaken as part of the cabinet paper to approve publication of the Plan. Funding plans for the LGBTQ+ Action Plan are included within the LGBTQ+ Policy Budget of £456,000 in 2023-24.

Recommendation 8.

The Welsh Government should urgently set out the reasons for the lack of progress on use of the Gypsy and Traveller Site Capital Grant and how it plans to work with local authorities to ensure take up of this important fund. Further, the Welsh Government should clarify what will happen to the unspent £3.690m from the 2022-23 Budget, and confirm that it will be allocated to actions within this area.

Response: Accept

This Welsh Government grant has been an important tool for progressing work to improve sites and create new ones. Local Authorities do not have to use the grant to do this, it can be prioritised from within existing budgets.

Proposals for new sites and even for improvements are often complex. This means they are rarely brought to fruition swiftly and a proposal may have been in development for some time before a grant application is made.

The Minister for Social Justice is aware of the concerns and shares the view of the vital need to maximise investment in new sites and improvements to existing sites. Given the challenges, active engagement and championing by Welsh Government is important in moving things forward, and officials are in the process of meeting representatives of the communities and Local Authorities across Wales to assess need and scope to take up the grant.

The unspent £3.690 million in 2022-23 has not been allocated to other actions within the Social Justice portfolio. This underspend has been used to offset pressures in other areas across Welsh Government.

Recommendation 9.

The Welsh Government should clarify before the debate on the Final Budget (scheduled for March 2023) where funding for the crisis fund to support women with No Recourse to Public Funds will come from. Further, the Welsh Government should clearly set out its spending priorities for 2023-34 in terms of delivering the VAWDASV strategy.

Response: Accept

The Minister for Social Justice is clear that the problems of people with no recourse to public funds is entirely of the UK Government's making. The 'Nation of Sanctuary' approach clearly sets out Welsh Government values.

The Committee recommended that the Welsh Government should establish a crisis fund that service providers can access to support migrant women who are victims or survivors of Sexual and Gender Based Violence and are subject to No Recourse to Public Funds, using the Scottish Government's 'Ending Destitution Together' strategy as an example. The Welsh Government has accepted this recommendation and work is underway to establish such a fund.

It is important that this fund ensures there is comprehensive support for those fleeing VAWDASV with NRPF. That includes subsistence, accommodation and specialist, culturally appropriate support. Officials are exploring options with the Minister for Social Justice to provide the right level of funding for this support.

In terms of spending priorities for 2023-24, it is clear that the cost of living crisis is impacting on the VAWDASV specialist sector and its ability to offer life saving support to victims and survivors. In addition to the increased costs of running a service, the crisis is exacerbating the abuse experienced by victims and survivors. If services aren't able to respond to this increase, the cost of living crisis will prevent women from fleeing abuse.

The Welsh Government funds VAWDASV regions and specialist services to provide invaluable and lifesaving support to all victims of VAWDASV. This includes early intervention, preventative and educational support, perpetrator intervention programmes, Independent Domestic Violence Advocates for high-risk victims as well as therapeutic recovery interventions for the ongoing support of those impacted by VAWDASV.

The VAWDASV indicative draft revenue budget for 2023-2024 is £8.005 million, which includes an uplift of 1.65%, an increase of £130,000 from the indicative budget. The Minister for Social Justice has prioritised funding for the VAWDASV Regions and the specialist services that the Welsh Government directly funds and has increased their allocations by 5% and 4% respectively. We have received expressions of thanks from those we fund for this increase, which will ensure vital and life-saving services are able to continue supporting those impacted by VAWDASV.

The VAWDASV National Strategy, published in May 2022, will be delivered through a blueprint approach, which brings together devolved and non-devolved

organisations, as well as strengthening the partnership between public private and specialist sectors. Part of this approach will be a working group, co-chaired by one of our National VAWDASV Advisers, looking at sustainable commissioning to ensure that there is a collaborative approach to commissioning VAWDASV services that reduces duplication and targets support and intervention where it is needed most. This will ensure that, through collective action, we are able to respond to emerging issues such as the cost of living crisis meaning that no matter where a victim lives in Wales, there is a strong public and specialist service ready to help.

Overseeing the delivery of the strategy and blueprint is the National Partnership Board, which is co-chaired by the Minister for Social Justice and PCC Dafydd Llewelyn. The cost of living crisis was discussed at the last board held in October and will continue to be an important consideration at future meetings.

Recommendation 10.

The Welsh Government should commission independent, expert research advice to improve how we measure the effectiveness and impact of preventative spending measures, the findings from which should be shared with the Committee before the end of the summer term.

Response: Accept in Principle

Through our reformed Budget Improvement Impact Advisory Group (BIIAG) we are engaging with key stakeholders on improving budget and tax processes. Our Budget Improvement Plan already outlines the actions we are taking on prevention.

Prevention is a complex area. It is important to recognise there is a spectrum ranging from preventing people from dying or businesses collapsing at the more acute end of the spectrum - as we saw during the pandemic; to longer term action at the other end, such as through investing in early years and education to break intergenerational inequality.

Through the BIIAG workplan for 2023 we will explore how we can develop our work on prevention recognising this is long term ambition. As part of this work, we will consider the case for using commissioned expert advice, balanced against the costs of doing so – this will not be before the end of the summer term. We will also continue to engage with international experts and other nations to draw on best practice in areas of wider budget process improvement.

Recommendation 11.

The Welsh Government should review the Strategic Integrated Impact Assessment with a view to publishing a more detailed account of how Draft Budget decisions impact on different groups in advance of the Final Budget.

Response: Reject

While we are committed to improving how we undertake and outline the impacts of our spending decisions such an approach must be proportionate.

We continue to outline the steps we are taking to make improvements to our Strategic Integrated Impact Assessment process as part of our Budget Improvement Plan which is published alongside the Draft Budget. This year we have worked collaboratively with the Budget Improvement Impact Advisory Group (BIIAG) to explore how we undertake the SIIA process; this has included some changes within the SIIA published as part of this year's Draft Budget. Further longer-term actions are being explored through continued working with the BIIAG to review our approach to assessing impacts of budget decisions as part of the Budget Improvement Plan (BIP).

It also remains important to recognise that this SIIA outlines the contextual evidence that has supported our spending decisions. It is just one of a suite of documents published as part of our Draft Budget, with the impact of spending decisions outlined as part of the main narratives in chapters four, complemented by the SIIA at Annex A. In addition, we publish an extensive summary of all Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG; this will provide a more detailed account as to how Draft Budget decisions have impacted on different groups.

Recommendation 12.

The Welsh Government should publish a distributional analysis in time for the Final Budget.

Response: Reject

The Budget Improvement Plan sets out our plans for developing and improving distributional analysis. We published an initial report alongside our 2021-22 budget and expanded on this last year alongside our 2022-23 budget. We have committed to publishing distributional analysis when there are new methodologies or new data developments.

The analysis is undertaken on broad spending priorities and, as such, only very large changes in spending would show up as changes in the distribution of spending. This means that the analysis published alongside the budget last year will still be appropriate to use for the 2023-24 budget.

The analysis mainly relies on data from the Family Resources Survey (FRS) and from the National Survey for Wales. The Covid pandemic impacted on the FRS fieldwork and response rates. Because of this, any analysis would be based on the same data as in the 2022-23 budget. In addition, the National Survey only includes relevant questions on public service use on a periodic basis, because there is little change over time in responses to these questions. There are no updates to the relevant National Survey data on which to update the analysis.

We are committed to updating and improving the analysis where appropriate and possible. Additional questions were included in the National Survey in 2022-23, with results due to be published in summer 2023. The intention is to publish an updated expenditure distributional analysis alongside the 2024-25 Draft Budget.