



David Melding AM
Deputy Presiding Officer
Chair, Committee for the Scrutiny of the First Minister

5 April 2016

Dear David

I am writing in response to your letter of 18 March following the Committee meeting on 26 February.

I am grateful for the Committee's consideration of these key issues throughout the Assembly term and am happy to address the comments and queries in your letter.

Child poverty

We remain committed to ensuring that the people of Wales have access to the best support available where they are looking for suitable and sustainable employment. The Welsh Government has a strong track record of providing support through a range of interventions that have successfully moved people from benefit dependency into long term employment; none of which have required mandatory participation.

With regard to mainstream UK employment support provided through the Department for Work and Pensions (DWP), I recognise that there are intrinsic links between this and the administration of the benefit system with its associated regime of mandatory participation in a number of employment related activities. I believe, however, that there are opportunities worth exploring with DWP to determine more appropriate routes into employment that are more encouraging and supportive as opposed to operating a strict regime that does not suit all. Our approach has always been to provide access on a voluntary basis, which has proved successful in many cases.

I have recently agreed with the UK Government that we will work jointly with the Cardiff Capital Region to co-design the Work and Health Programme that will replace the Work Programme in Wales from April 2017. We are committed to ensuring that no-one in Wales is put at a disadvantage where they are referred into this new programme. I will ensure that we explore all opportunities for flexibility within the existing conditionality regime, especially where support is focussed on those with the longest journey and greater barriers to securing employment.

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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.

This of course does not mean to say that we do not wish to progress full transfer of employment support responsibilities to Wales as soon as is feasibly possible and with that in mind we will continue to discuss this issue with the UK government.

Relationship with the third and private sectors

With regard to the issues you raise in relation to funding for the Third Sector, I consider it important the sector is helped to diversify its funding base and reduce its reliance on public funding. The Welsh Government is continuing to support the Third Sector to a very substantial degree.

Nevertheless, it is important to note that the sector is far from being wholly reliant on public funding. It is difficult to be precise, given the size and diversity of the Welsh Third Sector, but research indicates that approximately 33 per cent of Third Sector income in Wales is from public funding. This does not seem to have changed very much in recent years.

Some organisations are, however, more reliant on government support than others and given the present economic climate, our present level of funding is unlikely to be sustainable going forward. We are mindful of the impact this could have on some organisations and parts of the sector. It is unclear at present to what extent other sources of funding will be able to replace reductions in public money, but it is clearly important to maximise the likelihood of this happening. Accordingly, we are working closely with a range of agencies, including the Wales Council for Voluntary Action (WCVA), County Voluntary Councils (CVCs), the Community Foundation in Wales and the Institute of Fundraising, to improve the capacity and skills of the Welsh Third Sector in this vital area.

Providing advice on fundraising remains central to the work of WCVA and CVCs, alongside other key functions, such as, improving governance, supporting volunteers and engaging effectively with public service delivery. This focus on fundraising is made clear in our existing Partnership Agreement and is also reflected in the terms of their Welsh Government core funding. This support means, for example, that voluntary organisations anywhere in Wales can access expert advice on fundraising and, with the support of their local CVC, access databases with detailed information about thousands of potential funders, enabling them to target their fundraising efforts effectively. This emphasis is also reflected in conferences and events provided for the sector such as the very successful seminar on crowd funding last October, which was jointly hosted by WCVA and the Deputy Minister for Culture and Sport.

The Community Foundation in Wales also continues to receive core funding from the Welsh Government and has proved very effective at encouraging philanthropic giving and managing grants on behalf of a wider range of trusts and donors which benefit numerous community groups around Wales. Much of this is money coming into Wales from the rest of the UK and beyond.

Wales does not have a large number of full-time professional fundraisers for voluntary organisations. There are, however, many people in the Third Sector, both paid staff and volunteers, for whom fundraising is a very important part of their work. It is crucial these people are provided with the training they need to be effective and, equally important, to ensure they work to the highest ethical standards so that potential donors are not harassed or contacted inappropriately.

The definition of core and project funding varies considerably and is affected by various factors including the size of the organisation in receipt of funding, the nature of the work they do and the terms of the specific grant in question. Our continuing focus is on ensuring

that all public funding helps to ensure the delivery of tangible outcomes, whether this is via core funding or project funding. Our Code of Practice for Funding the Third Sector includes a commitment to the principle of Full Cost Recovery. This principle ensures that organisations seeking funding for specific activities are able to include an appropriate proportion of their core costs in their funding application.

Climate Change

Climate Change is one of the greatest threats to our future generations and the Environment (Wales) Act, working with the Well-being of Future Generations (Wales) Act, will provide us with a platform to ensure that we can accelerate action to tackle it across all areas.

The provisions under the Well-being of Future Generations Act places climate change at the heart of the government, which will require a whole government approach. The Environment Act will complement the climate change provisions in the Wellbeing of Future Generations Act and go further by establishing a clear statutory basis for decision making, which fully recognises the central importance of climate change. It will also work with the framework within the Well-being of Future Generations Act, which is setting indicators and milestones against the goals, to ensure that there is a clear pathway for climate change action.

The Environment Act places a duty on the Welsh Ministers to ensure that in 2050 net emissions are at least 80 per cent lower than the baseline. The Welsh Ministers also have a duty to set interim targets for 2020, 2030 and 2040 and, to ensure that regular progress is made towards these long-term targets, set a series of carbon budgets which define limits on the total amount of emissions that can be emitted in Wales over successive 5 year periods. The first budget is for 2016-2020 and then every five years up until 2050, which will be set in advance.

For each budget the Welsh Ministers will publish a report setting out their proposals and policies for meeting the budget, covering each of their responsibilities, and subsequently publish a final statement outlining if they have met the budget or target. The amounts of emissions and removals of a greenhouse gas for a period must, so far as reasonably practicable, be determined consistently with international carbon reporting practice. All departments will need to work closely to identify and prioritise actions to meet the targets, increasing wellbeing as a whole.

In setting our targets, budgets and reporting on progress the Welsh Ministers must seek and consider advice from an advisory body, which will be the UK Committee on Climate Change, to ensure that emissions are reduced in a way that not only delivers on our obligations but maximises the economic and social benefits of doing so.

In essence, the Environment Act puts in place a new framework for carbon budgeting to strengthen further the action needed to address climate change, and achieve the seven well-being goals in the Well-being of Future Generation Act.

The promotion and marketing of Wales

Through billions of pounds, EU funds are making a positive contribution to the Welsh economy, addressing different challenges and opportunities in the areas of work and training, social inclusion, helping businesses to be more competitive, boosting research, innovation, renewable energy and energy efficiency, and improving connectivity and urban development.

Macro-economic indicators such as GVA and employment rates reflect aggregated parts of the economy as a whole. The contribution of the EU funds to these headline indicators cannot be accurately quantified, but Structural Funds indicators and evaluations are available to offer a clearer picture of the benefits of the EU programmes across Wales. For example, since 2007, EU projects have created 11,910 enterprises and 35,570 (gross) jobs, and have also helped nearly 223,000 people to gain qualifications and 70,135 people into work. These achievements are, in turn, ultimately making a positive contribution to GVA and employment levels across Wales. There is also programme evaluation data available. For example, European Social Fund (ESF) Leavers Surveys between 2009 and 2013 show that ESF participants who are economically inactive are 51 per cent more likely to find work by the end of 12 months compared to those who did not benefit from ESF.

There are also significant Structural Funds and Rural Development Programme (RDP) benefits attached to the certainty of EU funding over seven years, which in turn encourages complementary private sector investment. Swansea University's world-class Bay Campus is just one of many examples; backed by EU funds of £40 million and Welsh Government funds of £15 million, the Campus opened its doors to 5,000 students last September and aims to generate around £3 billion of economic impact over a ten-year period through construction activity, research, and student and business investment.

The EU funding programmes also provide a positive contribution to Wales through best practices in partnership working, promoting an evaluation culture among projects and the integration of equal of opportunity, environmental sustainability, and tackling poverty objectives in project delivery.

It is also worth noting that different EU funds operate in different parts of the Welsh economy, having different impacts. For example: the RDP focusses on resilience and competitiveness in the Welsh agricultural and rural economies; the European Territorial Co-operation programmes on partnership working across EU regions to address common challenges and opportunities, including those relating to climate change; Horizon 2020 focusses on research excellence, industrial leadership and commercialisation of research for research institutions and SMEs; and ERASMUS+ focusses on education, training, youth and sport across the EU.

Major Public Appointments

On 11 March, the UK Government published Sir Gerry Grimstone's review of public appointments: Better Public Appointments – a review of the public appointments process. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507066/Better_Public_Appointments_March_2016.pdf

This review makes a series of recommendations advocating a shift to a principles-based approach that will allow more flexibility in the appointments and regulatory process. The review also considers significant public appointments and in relation to these the Welsh Government will identify which appointments, (such as the Commissioners and the chairs of boards) should be deemed as significant and require enhanced handling.

The UK Government will appoint a new Commissioner for Public Appointments at the end of March 2016. Peter Riddell is their preferred candidate. A new Governance Code will follow setting out the standards the public appointments system must meet. Once this is available the Welsh Government will review our current system to identify the changes required and will at the same time will review the Commissioner roles and whether greater consistency in the way the Commissioners function is required.

Welsh Language

It is our ambition to see the Welsh language thrive, and it would give me great pleasure to see a million Welsh speakers by the middle of the century. We are already thinking about the long term prosperity of the Welsh language, placing it at the heart of the Wellbeing of Future Generations Act, which will require public organisations to consider the language when making decisions. Our current strategy – *A living language: a language for living* – comes to an end next year, and setting a strategic direction for the future will be a matter for the next government.

Constitutional Matters

On the constitutional issues you raised, I have discussed with my officials the implications of the Attorney General referring a Welsh Bill to the Supreme Court on the progress that Welsh Bill. While Standing Order 26.77 currently prevents reconsideration of a Bill referred to the Supreme Court by an Assembly other than that in which the referred Bill was introduced, Section 116(6) of the Government of Wales Act 2006 makes provision for reconsideration of Bill following a referral to the Supreme Court. It says:

“(6) The standing orders must provide for an opportunity for the reconsideration of a Bill after its passing if (and only if)—

(a) the Supreme Court decides on a reference made in relation to the Bill under section 112 that the Bill or any provision of it would not be within the Assembly's legislative competence...”

I do not believe there is a problem with the current law that would result in a Bill being lost as a result of the Attorney General or Counsel General referring a Bill to the Supreme Court shortly before an Assembly election and so this issue was not addressed in the Government and Laws in Wales Bill. There appears to be nothing in either the Government of Wales Act 2006 or the draft Government and Laws in Wales Bill which prevents one Assembly from reconsidering a Bill of a previous Assembly where the timing of a referral to the Supreme Court and the Court's subsequent decision leads to the Assembly deciding that reconsideration is required.

However, the Welsh Government does believe that Standing Order 26.77 requires urgent amendment to ensure that Standing Orders comply with Section 116 of the Government of Wales Act. At present, under the current wording of Standing Orders, an Assembly Bill which requires reconsideration following a Supreme Court judgment will fall unless it has been approved prior to the dissolution of the relevant Assembly. Therefore a Bill referred to the Supreme Court toward the end of an Assembly term could have little or no opportunity for reconsideration. This is clearly an issue of great concern to the Welsh Government and I understand that the Business Committee have agreed to refer this issue to the Business Committee of the next Assembly to consider early in the term. I fully support this and endorse proposed changes to Standing Orders as soon as possible.

Yours sincerely



CARWYN JONES