

Carl Sargeant AM
Cabinet Secretary for Communities and Children
Welsh Government

17 November 2016

Welsh Government Draft Budget 2017-18

Dear Carl,

Thank you for attending our meeting on 9 November to give evidence on the Welsh Government's draft budget proposals for 2017-18.

The Committee would like to draw your attention to the matters set out below, and looks forward to receiving your response as soon as possible.

Regeneration

We are concerned about the significant reduction in the capital Regeneration BEL from £62.6 million in 2016-17 to £14.9 million in 2017-18 (a reduction of around 76 per cent) and the potential impact of this on economic regeneration and well-being of our communities. You told us that, given the ongoing cuts to overall funding from the UK Government, difficult decisions have needed to be made. While we note your response, **we would like a more detailed explanation on your rationale for this decision, in particular for such a stark reduction in the allocation.**

We were concerned to hear that the reduction in the capital Regeneration BEL could mean that that the Welsh Government's regeneration programme, Vibrant



and Viable Places, may not return for its second phase, despite its apparent success. **We would like you to report back to us on this issue once a decision has been made. We would also like you to provide details of any other regeneration programmes that are likely to be affected by your decision to reduce the capital Regeneration BEL.**

You told us that “to mitigate the reduction, [you] will work with the Regeneration Investment Fund for Wales Board to ensure monies currently held by the Fund will be released as soon as possible as contributions towards a regeneration programme.” You also told us that you were “hopeful” of being able to increase the capital Regeneration BEL allocation if more funding becomes available following the UK Government’s Autumn Statement. While we acknowledge your response, we would like to have received a firm commitment from you on this issue. In the event of a favourable outcome from the Autumn Statement, we urge you to consider increasing the capital Regeneration BEL allocation as a matter of priority. **We would like you to report back to us on your consideration of this matter as soon as possible following the Autumn Statement.**

Tackling poverty

Communities First

We note that there have been structural changes to the Children and Communities Main Expenditure Group (MEG) since the previous budget, and that the revenue budgets for Communities First, Flying Start and Families First have been combined. It is therefore not possible to distinguish the exact allocation for Communities First from the draft budget 2017–18, the accompanying documents, or your paper to us. **We would like clarification from you on the allocation for Communities First for 2017–18 and on how it will be used if you choose to phase out the programme.**

When we questioned you on the future of Communities First, you reported that you were currently consulting stakeholders and that you would be making a further statement in Plenary on this issue in the New Year. Looking forward, if a



decision is taken to phase out Communities First, we believe it is important to ensure that elements of the programme that have worked well and have delivered positive outcomes are retained in any new proposals. We await your decision with interest and will be inviting you to a future meeting to discuss any further proposals as they emerge.

You confirmed that, regardless of your decision on Communities First, you would continue to deliver Lift and Communities for Work, as planned. **We would like clarification from you on the allocation for Lift and Communities for Work from the draft budget 2017–18 and on the level of European Union funding for the programme for 2017–18. We would also like details on the outcomes achieved from these programmes to date, including the number of participants who have secured employment, and on the outcomes you expect from the allocations for 2017–18.**

You told us that you were currently considering the concept of Children’s Zones, which involved a multi–agency approach to support children and young people, and that you intended to trial these once the concept had been fully developed. **We would like further details from you on Children’s Zones as they emerge.**

Welfare reform

In its response to the Finance Committee’s consultation on the draft budget, the Bevan Foundation suggested that the budget should take account of the possibility that responsibility for care needs of older people previously met through Attendance Allowance could be devolved. This issue was also raised with us by stakeholders as part of our discussions on our priorities for the Fifth Assembly. When questioned about the arrangements in place to prepare for the devolution of Attendance Allowance, you told us that you were still awaiting details from the UK Government. **We would like you to keep us informed on any future developments in relation to this.**



Financial inclusion

We questioned you about progress on development of the Financial Inclusion Delivery Plan to support the Financial Inclusion Strategy, and on how the Strategy had influenced the allocation for 2017–18. You told us that the Strategy would be funded from the £20 million allocation within the Financial Inclusion Budget Expenditure Line (BEL), which would be used to support credit unions, advice services and the Discretionary Assistance Fund. **We would like clarification from you on how much of the £20 million in 2017–18 you have allocated specifically to support implementation of the Delivery Plan.** We look forward to the publication of the Delivery Plan next month and will be keeping a watching brief over progress made in the implementation of the Strategy.

Community Facilities Programme

We note the considerable reduction in allocation for the Communities Facilities Programme from £10.95 million in 2016–17 to £2 million in 2017–18. We are aware that the aim of the programme is to develop and improve facilities for communities in order to tackle poverty and its effects and are therefore concerned about the potential impact of the reduction on some of our most disadvantaged communities. **We would like further details from you on the types of projects that the programme has been used to support and on the outcomes achieved to date. We would also like details of any assessment undertaken of the impact of the reduction in allocation.**

Community safety

Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015

We acknowledge that the overall allocation for Domestic Abuse Actions remains unchanged at £5.4 million since 2016–17. From this allocation, £330,000 has been made available for the delivery of the National Strategy on Violence against Women, Domestic Abuse and Sexual Violence 2016–2021.



In your evidence to inform our post-legislative scrutiny work on the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015, you told us that you intend to “target additional resources where there is greatest need to ensure sustainability of specialist services going forward”. Despite this, the allocation for 2017–18 remains unchanged from the previous year. You subsequently told us that, given existing financial constraints, you were unable to commit to additional funding. You highlighted that other allocations for other policies and programmes, such as the Supporting People Programme and homelessness prevention, would be used to support the implementation of the Act.

We believe that, if the Welsh Government is to successfully deliver the aims of the Act, it is vital to ensure that sufficient funding is made available for the implementation of its provisions. It is likely that, as the Act beds in, there will be an increase in reports of violence against women, domestic abuse and sexual violence, which could lead to an increase in demand for specialist services. We are aware that the sector has already expressed serious concerns about the funding of specialist services and the impact of funding cuts on the sustainability of those services. We are concerned that, without access to specialist services, the Act will struggle to achieve its potential.

On this issue, you told us that the reformed Violence against Women, Domestic Abuse and Sexual Violence Advisory (VAWDASV) Group would be undertaking work on long-term sustainable funding, which would include assessing service need and delivery costs. **We would like you to report back to us on the findings of the VAWDASV Advisory Group as soon as possible. We would also like you to report back on how you intend to use those findings to support future funding decisions in this area.**

Youth justice

We questioned you on the concern raised in our discussion with representatives of the Youth Justice Board that the Welsh Government may withdraw funding for youth services if the Wales Bill does not devolve responsibility in this area. You



told us that you were concerned about the potential consequences of the findings of the UK Government's 'Review of the Youth Justice System' on youth justice in Wales, which was undertaken by Charlie Taylor. The review looked at what works to prevent youth crime and rehabilitate young offenders; how the youth justice system can most effectively interact with wider services for children and young people; and whether the current delivery models and governance arrangements remain fit for purpose and achieve value for money. **We would like you to expand on your concerns about the impact of the Charlie Taylor Review on youth justice in Wales. We would also like further information about your assessment of the likely impact of a decision by the UK Government to retain responsibility for youth justice on youth justice services in Wales and on your future funding decisions in this area.**

Housing supply

During the session, we asked you about the Welsh Government's target to deliver 20,000 new affordable homes during the Fifth Assembly and on the allocations in the draft budget 2017–18 to support the delivery of this.

Rural housing

We note that, in previous budgets, there has been an allocation to support the work of Rural Housing Enablers. However, it is not clear from the draft budget proposals or from your evidence to us whether any allocation has been made available for 2017–18, and **we ask you for clarification on this issue.**

Sustainable housing

In your evidence, you emphasised the importance of “the design, location and energy efficiency of new homes if we are to build successful and sustainable communities”. We were therefore concerned to hear of emerging evidence that new models of housing “can cost more to build than traditional housing” at least in the short term. You told us that you had “disputed” this evidence and had already commissioned research on new models of housing “that will address some



of the key challenges we face including fuel poverty, carbon emissions and climate change”. **We would like you to report back to us on the findings of the research and on how these will inform any future decisions on the provision of new models of housing.**

Help to Buy

We note that over £103 million of financial transactions funding is allocated for Phase 2 of the Help to Buy scheme and other schemes in 2017–18. By way of explanation, you told us that the Help to Buy scheme supports the development and purchase of new build property costing up to £300,000. The aim of the scheme is to support home ownership and the delivery of the Welsh Government’s affordable homes target.

When questioned about the £300,000 threshold, you reported that the threshold for the equivalent scheme in England was double at £600,000 and that you had taken advice from the housing sector before setting the threshold. You also told us that the interim evaluation of the scheme had shown that, to date, the scheme had been used to support the development and purchase of many properties significantly below the £300,000 threshold. **We would like you to provide further details on this point.**

We question whether £300,000 is an appropriate threshold in Wales, particularly given the aim of the scheme. We believe it is important for the Welsh Government to ensure that, when prioritising allocations for affordable homes, it can demonstrate value for money. This is particularly important given existing budgetary constraints. **We would like you to keep the £300,000 threshold for the Help to Buy scheme under review and report back to us on any further considerations on this issue, particularly in light of the interim report published in March 2016.**

We note the Welsh Government’s commitment to develop a Rent to Own scheme and **we would like you to update us on details of the proposals as they emerge. In**



the meantime, **we would like you to clarify when you anticipate work to begin on those proposals.**

Independent Living

We note that home adaptations are funded from a number of different budget allocations, and highlighted with you previous concerns about performance monitoring. We acknowledge the steps that have been taken to improve this and **would welcome an update on progress that has been made towards implementing a more robust performance monitoring framework.**

I am copying this letter to Simon Thomas AM, Chair of Finance Committee.

Kind regards

A handwritten signature in black ink that reads "John". The signature is written in a cursive style with a long horizontal stroke at the beginning.

John Griffiths AC / AM
Cadeirydd / Chair

