

WELSH GOVERNMENT RESPONSE TO RECOMMENDATIONS FROM THE EQUALITIES, LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE REPORT

The Welsh Government Draft Budget 2018-19 was scrutinised by the ELGC committee in November 2017. The ELGC committee has completed a report containing 16 recommendations. This paper is the formal response to those recommendations.

Provisional Local Government Settlement 2018-19

Recommendation 1

We recommend that the Welsh Government considers revisiting the proposed further reduction of 1.5% in the indicative local government settlement for 2019-20 with a view to maximising the revenue available to authorities. That being the case, we further recommend that the Welsh Government communicates any likely changes to local government funding in 2019-20 at the earliest opportunity to assist the sector in its medium term financial planning.

Response – Accept in principle

Funding allocations between MEGs are decisions made collectively by Welsh Ministers. The Final Budget announced by the Cabinet Secretary for Finance on 19 December set out an additional £40m for local government funding in 2019-20. This was reflected in the final local government settlement published on 20 December.

Financial implications - None. Already taken into account in the preparation of the final budget.

Social care and education

Recommendation 2

We recommend that there is greater transparency and clarification in future budgets about how additional funding is presented.

Response – Accept in principle

We support the principle of providing as much clarity and transparency as possible through the presentation of the budget.

Financial implications - none

Reserves

Recommendation 3

We recommend that the Welsh Government clarifies whether a review of the implementation of the guidance on local government reserves has been undertaken, and to report back to the Committee on the outcome of any such review. If a review has not been undertaken, we recommend that the Welsh Government considers doing so.

Response – Reject

The guidance on local government reserves was issued in January 2016 and is intended to facilitate good scrutiny. Since then the 2017 local government election in Wales have resulted in a number of newly elected councillors and newly formed administrations. The Welsh Government has considered whether to undertake a review and considers it more appropriate to re-issue the guidance to all the recently elected councillors to make them aware of their role in scrutinising the holding and use of reserves in their council. Its timely re-issue will coincide with budget considerations currently taking place in all councils across Wales to allow local elected members satisfy themselves that decisions about holding and using reserves deliver best value for council tax payers.

Financial implications - None

Specific Grants

Recommendation 4

We recommend that the Welsh Government clarifies how it intends to monitor spending and outcomes in areas that previously received grant funding following the incorporation of those grants into the RSG.

Response – Accept

Where specific grants have transferred into the RSG, it is a matter for the relevant policy area to consider as part of the transfer process what further arrangements it may be appropriate to establish to ensure the desired outcomes continue to be delivered. This will differ depending on the nature of the grant, the previous arrangements that existed and the extent to the outcomes are identifiable and measurable. It is important that in considering this it is recognised that in providing the funding through the unhypothecated RSG, it is intended that local government should have the freedom to manage how the resources are utilised in the most efficient manner to effectively deliver the outcomes which have been previously funded through a grant arrangement. Information on spending will be collected through the suite of expenditure returns

Financial implications - none

Communities and Children Main Expenditure Group

New Early Intervention, Prevention and Support Grant

Recommendation 5

We recommend that the Welsh Government:

- **commits to reinvesting the proposed £13 million in efficiency savings back into the Early Intervention, Prevention and Support Grant;**
- **takes steps to ensure that any efficiency savings made from 2019-20 onwards will not lead to a reduction in services;**
- **outlines the evidence base and rationale for the decision;**
- **details what outcome monitoring is in place to ensure that de-hypothecation does not lead to vulnerable people falling between the gaps in services;**
- **ensure that housing and non-housing related services funded from the Grant have some level of ring fencing, and**
- **ensures the new Fund is transparent by committing to collating and publishing details of the exact services, in particular services that will address homelessness, which will be funded in each Pathfinder local authority in 2018-19.**

Response – Accept in part

As set out in the 2018-19 outline Budget narrative as part of our planning process, we have examined the range of special grants provided across Welsh Government to local government and how these can be combined to increase their impact, thereby reducing bureaucracy and providing greater value for money and improving outcomes for citizens.

By consolidating more grants into the local government revenue support grant and amalgamating some grants, supported by outcome frameworks, we are increasing the flexibility for local authorities and helping to reduce the administrative burden associated with grant funding. This means we are able to reprioritise funding to protect core schools funding and social services provision through the local government revenue support grant.

It is anticipated that the funding flexibilities and efficiencies of managing a single grant around early intervention, prevention and support will help mitigate the impact of realising the savings required. In addition, the flexibility offered and the ability to increase coordination across programmes and reduce overlap are expected to help offset the impact of a £13 million reduction. As part of the ongoing work set out below we will continue to review the quantum needed to deliver the required outcomes during the planning for the 2019-20 budget.

Over many years, Welsh Government has introduced a number of programmes aimed at supporting vulnerable people and communities. Each programme is

accompanied by a specific grant with its own requirements and restrictions. Viewing these programmes and their funding as distinct and separate does not reflect the reality of people's lives nor does it reflect the need for joined up citizen centred services. We want to improve outcomes and deliver improved support for vulnerable families and individuals – unhindered by the artificial constraints sometimes created by individual grants.

Local authorities have told us the various constraints imposed by the different grant requirements can prevent them from innovating and re-designing services to meet the needs of their citizens. In addition, each of the grants brings with them a degree of administration and associated costs which could be better used delivering for citizens.

We will be working closely with pathfinder LAs over the next few months to gain further evidence to inform our decisions.

In a period of severe financial pressures, we are focussed on outcomes rather than inputs and the aim of the Early Intervention, Prevention and Support Grant, if we proceed with it, would be to enable Local Authorities to maintain services by freeing them to deliver these more flexibly and efficiently. We are not therefore able to make the requested commitment to reinvesting the savings.

No final decision has been made on the creation of an EIPS grant in 2019-20. However, if Ministers do decide to go ahead it will still be a ring fenced grant with funding protected for use only within the criteria set out for the new grant, which would be monitored closely. It is absolutely vital that services for vulnerable people are protected and we are committed to ensuring funding that supports non-statutory preventative services is protected.

We are working with the pathfinder LAs and stakeholders to develop terms and conditions and an outcomes framework that strikes the right balance between flexibility for Local Authorities to respond to their local context and the need to ensure we protect the interests of vulnerable groups. For 2018-19, we expect it to have broadly the same monitoring and reporting as for the individual grants.

Pathfinders will provide their proposed spending plans for funding included in the Funding Flexibilities pathfinder programme to Welsh Government for scrutiny. Grants will only be paid when spending plans are agreed and approved by Welsh Government.

We will continue to collect and publish data on supporting people services and the prevention of homelessness.

Financial implications - None

Equality

Recommendation 6

We recommend the Welsh Government returns to undertaking detailed impact assessments of its draft budget in the future, in line with recommendations from our predecessor committee, the EHRC and international good practice.

Response – Reject

The Welsh Government acknowledges that detailed impact assessments, e.g. EIA and CRIA, must be undertaken as part of policy development. These will inform ongoing budget decisions and individual Ministers are responsible for completing the relevant impact assessment where necessary in order to inform the IIA, and further scrutiny. The Welsh Government intends to retain the publication of integrated impact assessments alongside the publication of the draft budget.

Financial implications - none

Poverty and employability

Recommendation 7

Given that funding for poverty reduction programmes spans different departments, coupled with the recent change in Ministerial responsibilities across government, we urge the Welsh Government to reconsider the need for a cross-government poverty reduction strategy, which we recommended in our recent report, *Communities First: Lessons Learnt*.

Response – Reject

Our National Strategy, *Prosperity for All*, provides a framework for our whole-government approach to increasing prosperity and addressing the root causes of poverty in a more effective, joined-up way. The Strategy was published on 19 September and outlines four key themes which will contribute to prosperity for all. These are Prosperous and Secure, Healthy and Active, Ambitious and Learning, and United and Connected.

Over the autumn/winter period we have published some of the key plans which underpin these themes. These set out how we will respond to the needs of the citizens of Wales, including those living in poverty.

Education in Wales: our national mission is the education plan published on 26 September which sets out how we will continue to raise standards and reduce the attainment gap between disadvantaged learners and their peers.

The *Economic Action Plan* was released on 12 December. It is wide-ranging and draws on levers across Government to support economic growth, spread opportunity and promote well-being. We are committed to creating a strong economy and labour market which supports the tackling poverty agenda and reduces in-work poverty.

Looking ahead and recognising that work provides the most effective route out of poverty, our Employability Delivery Plan will be published in the New Year. It underpins the Taking Wales Forward commitment to reshape employability support for job-ready individuals and those furthest from the labour market to acquire the skills and experience they need to gain and maintain sustainable employment.

The Taskforce for the Valleys has also published the delivery plan for *Our Valleys, Our Future*. This sets out a range of aims and actions in the three priority areas of jobs and skills, improved public services and the local community. We will report on progress made and identify best practice which can be shared across the rest of Wales.

Financial implications – none.

Recommendation 8

We would like further information about what the Welsh Government is doing to tackle period poverty, and how much funding is allocated

Response – Accept

Welsh Government recognises that period poverty is an important issue. We are currently looking at options to address it as part of our wider work towards reducing inequality and mitigating the impact of poverty.

In particular, we are investigating the possibility of a scheme to supply feminine hygiene products to foodbank users in Wales. This work is in its early stages and will include consideration of both costs and funding.

We have also investigated the possible links between school attendance and period poverty. Over the summer, we engaged with a wide range of stakeholders to review the national arrangements for school attendance. We are advised that the availability of free feminine hygiene products is not known to be having an impact on school attendance. If instances do occur where girls require products, schools should have well understood arrangements to support learner well-being and be taking steps to remind girls regularly that sanitary products are available from named staff if needed.

Some local authorities are continuing to explore the potential impact of period poverty on learning. We will continue to work with education services and others to consider any new evidence which emerges and explore other options to tackle period poverty.

Financial implications - None at present.

Communities First

Recommendation 9

We recommend that the Welsh Government outlines how it will ensure that Communities First Legacy Funding and the forthcoming Employability Plan will meet the needs of young and disabled people who are likely to be disproportionately affected by the closure of Communities First.

Response – Accept

The Legacy Fund will be flexible to allow local authorities to take forward the most effective aspects of Communities First in a way that best meets the needs of their local communities.

Whilst Legacy Fund activities will be identified locally, the guiding principles which have already been issued make it clear that early years should be a key consideration, along with the assessment of local well-being and the local well-being plan.

We know that young people who are unemployed are at greater risk of long term ‘scarring’, in terms of lower pay, higher unemployment and reduced life chances. Our Employability Delivery Plan will outline the steps we are taking specifically for young people to address and overcome the barriers to employment.

We also know that the employment rate for people with disabilities and long term health conditions is lower than for those without. We will outline the steps we are taking to provide a more individual and bespoke package of support to those seeking employment, and the measures we will take to ensure that disabled people, and other groups with protected characteristics are accessing both the available support and subsequent employment opportunities.

Financial Implications. Any additional costs will be drawn from existing programme budgets.

Discretionary Assistance Fund (DAF)

Recommendation 10

We recommend that the Welsh Government clarifies what steps it has taken to promote awareness of and improve access to the DAF to ensure that the increased fund reaches those people who most need it.

Response – Accept

Promotion of the Discretionary Assistance Fund (DAF) is carried out through our partners. We continue to look for opportunities to promote awareness of the DAF amongst organisations working with potentially vulnerable and disadvantaged people. A series of information leaflets have been produced and circulated to support organisations working with vulnerable groups including homeless people, people fleeing domestic violence and care leavers to ensure relevant organisations are aware of the DAF and able to support their clients with applications.

We also continue to seek to increase the number of DAF registered partners as we believe partners are often best placed to assist with applications. There is a dedicated Partner Manager who delivers training throughout the year which is very well attended. This ongoing training programme is available to all partner organisations and those wishing to become partners, to raise awareness of the support DAF can provide and to improve access to the fund.

An improved method of communication for AMs and MPs wishing to support constituents with applications has also been introduced this year.

Financial Implications - Any additional costs will be drawn from existing programme budgets.

Recommendation 11

We would like the Welsh Government to provide an update on its consideration of this recommendation.

Response – Accept

We have worked with the Discretionary Assistance Fund (DAF) delivery partner – Northgate – to amend the system to enable new refugees to access the DAF in advance of receiving their National Insurance number, through trusted partners. We also understand that the Home Office intends to roll out a new process in the New Year which should significantly reduce the number of new refugees becoming destitute by ensuring that National Insurance numbers are printed on the Biometric Residency Permit when refugee status is granted.

We have also worked with the British Red Cross, Welsh Refugee Council and other partners to explore options for a destitution crisis fund for asylum seekers in Wales and these conversations are ongoing. Our partners have undertaken some initial scoping work and submitted their thoughts to us. We have recently asked for some further work to be undertaken before we meet to discuss options for potential consideration by Ministers.

A new ‘No Recourse to Public Funds’ and Destitution Forum has been established, chaired by British Red Cross and the Welsh Refugee Council, with the participation of the Welsh Government, Wales Strategic Migration Partnership, Local Authorities and other stakeholders to better coordinate activities to relieve destitution.

Financial implications – Any additional costs will be drawn from existing programme budgets.

Violence against women, domestic abuse and sexual violence

Recommendation 12

We recommend that the Welsh Government provides further information on what the additional funding will be spent on and how it will strengthen regionalisation work.

Response – Accept in principle

The Violence against Women, Domestic Abuse & Sexual Violence (VAWDASV) grant includes funding to local authorities and third sector organisations to deliver direct service provision to support and protect victims; strategic coordination of services at a local level; and training. The funding is directed towards delivering the objectives of the VAWDASV (Wales) Act 2015.

The ongoing development of the regionalised approach will allocate resource to stronger, better joined up services, offering improved quality of service to those who are victims or survivors of VAWDASV. The additional funding will further support this approach across the regions to enhance the engagement on and delivery of frontline services.

Financial implications – none

Homelessness

Recommendation 13

We recommend that the Welsh Government works closely with local authorities to ensure that this funding is used for homelessness prevention. Further, we recommend that the Welsh Government clarifies whether, and if so how it intends to monitor spending and outcomes in this regard especially given the proposal to merge Homelessness Prevention funding into the new Early Intervention, Prevention and Support Grant.

Response – Accept

Homelessness prevention remains a priority for the Government and Part 2 of the Housing (Wales) Act 2014 placed new duties on local authorities to help to prevent and alleviate homelessness.

Housing Policy officials will work closely with local authority Housing Advice Teams to ensure that grant is invested in services which support people who are homeless or at risk of homelessness. Following initial award of funding officials will monitor pathfinders and their use of funding including the extent to which services continue to target people who are homeless or at risk of homelessness.

No final decision has yet been made on moving to a single combined Early Intervention, Prevention and Support grant.

Pathfinders will provide their proposed spending plans for funding included in the Funding Flexibilities pathfinder programme to Welsh Government for scrutiny. Grants will only be paid when spending plans are agreed and approved by Welsh Government.

We will continue to collect and publish data on supporting people services and the prevention of homelessness.

Financial implications – none

Housing standards

Recommendation 14

We recommend that Welsh Government clarify how the new data on the condition of housing stock is used to inform future funding decisions to ensure resources are targeted effectively.

Response – Accept

The Housing Conditions evidence programme (HCEP) will report its findings in 2018.

We are committed to pursuing evidence based targeting and will utilise the programme in this way.

Given that we do not yet know what the evidence will reveal we cannot articulate its impact on future funding decisions. However, given that caveat, we suspect that the evidence could lead to a shift towards:

1. A different focus for WHQS post 2020 which will highlight the need to improve conditions in owner occupied properties; and
2. A major retrofit decarbonisation initiative across Wales working across both the Housing and Environment teams in Welsh Government using the new evidence.

We are also commissioning a piece of work that will build on the data that flows out of the HCEP and leads to more targeted action (and potentially different procurement initiatives) by linking the HCEP to the specific costs associated with various interventions that will work on different types of housing in different parts of Wales

Financial implications – Not yet known until the HCEP reports it's finding in 2018

Independent living and tenant participation

Recommendation 15

We recommend that the Welsh Government clarifies when the Enable monitoring data will be made available, and reports back to us on the data at the earliest opportunity.

Response – Accept

Officials are commissioning a small project to collate and analyse data, a final report is anticipated to become available March 2018.

Financial Implications - Costs will be met from existing programme budgets.

Recommendation 16

We recommend that the Welsh Government provides an update on the performance of TPAS Cymru when performance monitoring data is available.

Response – Accept

An update will be provided to cover the period up to the end of March 2018, based on the criteria outlined in the grant offer to TPAS Cymru. This will coincide with the end of the first year of the new arrangements for tenant participation.

Financial implications - None