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Welsh Government

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# Cabinet Sub-Committee on Cost of Living meeting: 15 January 2024

Minutes of the Cabinet Sub-Committee on Cost of Living  
meeting on 15 January 2024.

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# Present

- Mark Drakeford MS
  - Jane Hutt MS (Chair)
  - Rebecca Evans MS
  - Vaughan Gething MS
  - Lesley Griffiths MS
  - Julie James MS
  - Jeremy Miles MS
  - Mick Antoniw MS
- 
- Hannah Blythyn MS
  - Dawn Bowden MS
  - Julie Morgan MS

# Officials

- Andrew Goodall, Permanent Secretary
- Matthew Hall, Head of Cabinet Division
- Jane Runeckles, Special Adviser
- Ian Butler, Special Adviser
- Alex Bevan, Special Adviser
- Kate Edmunds, Special Adviser
- Philippa Marsden, Special Adviser
- David Hooson, Special Adviser
- Sioned Evans, Director General, Public Services and Welsh Language
- Judith Paget, Director General, Health and Social Services
- Tracey Burke, Director General, Climate Change and Rural Affairs
- Andrew Slade, Director General, Economy, Transport and Constitution
- Andrew Jeffreys, Director Treasury

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- Amelia John, Director Communities and Tackling Poverty
- Claire Germain, Deputy Director Tackling Poverty and Supporting Families
- Jo Salway, Director Social Partnership and Fair Work
- Christopher W Morgan, Head of Cabinet Secretariat
- Damian Roche, Cabinet Secretariat (Minutes)
- Toby Mason, Head of Strategic Communications
- Neil Buffin, Legal Services
- Liz Lalley, Director, Recovery
- Matt Wellington, Welsh Treasury
- David Willis, Head of Tackling Poverty
- Theresa Jaynes, Tackling Poverty
- Emma Spear, DG HSS Office
- Charlotte Anscombe, Tackling Poverty
- Clare Severn, Head of Early Childhood Education and Care, Childcare and Play Policy

## External attendees

- Ruth Marks, WCVA
- Andrew Morgan, Leader, RCT Local Authority
- Nisreen Mansour, WTUC
- Azim Ahmed, Muslim Council of Wales
- Lisa Hayward, WLGA
- Paul Butterworth, Chambers of Commerce, Wales

## Apologies

- Eluned Morgan MS
- Lee Waters MS
- Lynne Neagle MS

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## Item 1: Introduction, welcome and minutes of previous meeting

1.1 Croesawodd y Gweinidog Cyfiawnder Cymdeithasol Gweinidogion a phartneriaid i'r cyfarfod. The Minister for Social Justice welcomed Ministers and partners to the meeting.

1.2 The Sub-Committee agreed the minutes of 13 November / Cytunodd y Pwyllgor cofnodion o 13 Tachwedd.

## Item 2: Draft Budget 2024-2025

2.1 The Chair introduced the item, before handing over to the Minister for Finance and Local Government to update the committee on the Draft Budget 2024-2025.

2.2 The Draft Budget had been published on 19 December 2023, and this update would focus on the latest fiscal and economic context that shaped the plans alongside the key decisions.

2.3 Wales was facing the toughest financial situation since the start of devolution and in developing the Draft Budget the government had faced a series of stark and painful choices.

2.4 In terms of the economic context, the country had been through an unprecedented period, having managed through the COVID-19 pandemic, wars in Ukraine and the Middle East, record levels of inflation, and a cost-of-living crisis, all whilst continuing to grapple with the nature and climate emergencies.

2.5 In the near term, the OECD and IMF forecast the UK to be one of the worst-

performing advanced economies this year and next, both in terms of high inflation and weak growth. Living standards would be 3.5% lower next year than before the pandemic.

2.6 The minister then turned to the fiscal context, noting that the Institute for Fiscal Studies had reported that public finances had not meaningfully improved, the growth outlook had weakened, and inflation was expected to stay higher for longer.

2.7 Following the UK government's Autumn Statement, the Welsh Government's resource settlement would reduce by 0.1% in 2024-2025 in real terms and the capital budget was down by 6% in real terms.

2.8 Overall, that equated to a 1% year-on-year real terms reduction in the settlement, which was now worth up to £1.3 billion less in real terms than expected at the time of the 2021 Spending Review.

2.9 It was inevitable, therefore, that in setting the 2024-2025 Draft Budget, incredibly tough decisions had to be taken, which were the starkest and most painful since devolution.

2.10 To enable this, a radical reshaping of all budgets had taken place, in line with a set of guiding principles, which were: to protect core frontline public services as far as possible; to deliver the greatest benefit to households hardest hit; to prioritise jobs wherever possible; and to work in partnership with other public sector bodies to face the financial difficulties together.

2.11 Through taking this approach, the focus had been to invest more in the NHS and to protect the core Local Government settlement, which in turn would fund schools, social services, and other vital everyday services relied on by the people of Wales.

2.12 This included an extra £450 million to support the NHS in 2024-2025. This

was on top of the additional £425 million made available in October for 2023-2024.

2.13 The core local government settlement had been protected, and alongside a 3.1% increase promised last year, £1.3 million was also being provided through the Revenue Support Grant to ensure that no authority had an increase in settlement of below 2%.

2.14 In addition, funding that was provided directly to schools had been prioritised, including protecting the Pupil Development Grant that funded schools to support learners from low-income households, and the successful Covid Recovery programme, 'Recruit, Recover and Raise Standards' was being continued.

2.15 These decisions meant that further tough decisions had to be taken, including to refocus some spending away from non-devolved areas. This included reprioritising £15.5 million from the Ukraine programme due to the reduced number of new arrivals, alongside the success of the programme to move people on from their initial accommodation.

2.16 It was noted that £7.5 million was being reprioritised from the budget for PCSOs, but £15.5 million was still being invested in Welsh Government funded Police Community Support Officers. This meant that policing partners would need to reshape their workforce and the government would work closely with partners to minimise the negative impacts as far as possible.

2.17 In terms of cost-of-living support, the government was maintaining targeted and emergency support for people affected by the crisis. In addition, pressure would be maintained on the UK Government to take further practical action.

2.18 The previous Winter Fuel Support Scheme, and many of the initiatives that supported people in 2022-2023, were only possible because significant funding was allocated through the 2022-23 budget. Unfortunately, the funding allocation

from the UK government was insufficient to enable a repeat of many of these schemes.

2.19 However, everything possible was being done to support people through the cost-of-living crisis by providing targeted help to those who needed it the most and through programmes and schemes which put money back in people's pockets.

2.20 To this end, an additional £0.5 million had been allocated to the Fuel Bank Foundation in 2023-2024 to support households over the winter period who used pre-pay meters for their fuel, and a further £0.5 million would be provided in 2024-2025.

2.21 An allocation of £2 million, comprising £1 million revenue and £1 million capital in 2024-2025 had been made to help tackle food poverty through support for community food organisations and action to reduce and prevent the need for emergency food aid through longer term solutions for sustainable and resilient local food supply.

2.22 An additional £18.8 million had been made available to continue support for the Discretionary Assistance Fund during 2024-2025, bringing the total DAF budget to £38.5 million. The additional funding would enable the increased demand to be met, with more people turning to the fund for basic living costs support.

2.23 Advice services would continue to be funded, which would provide vital help to people, and the following year over £11 million would be made available for the Government's Single Advice Fund services. These services provided a lifeline for people struggling with the cost-of-living, helping them to maximise their income and deal with debts.

2.24 It was reported the voluntary sector, through both its formal and informal networks, would be discussing creative ways to address the funding issues, as



the sector had more flexibility in how it sought additional resources, and the offer was made to discuss ideas with partners and to provide both qualitative and quantitative data to aid those discussions.

2.25 A request was made for any forecasting work that had been done on potential job losses, which would inevitably lead to greater demand on advice services.

2.26 In addition, it was noted that businesses were lobbying about business rates, although support of over £1 billion was still being provided across Wales, with almost half of businesses exempt from rates, and the government's decisions to support core frontline public services was welcomed.

2.27 The Sub-Committee welcomed the government's conscious decision to protect the most vulnerable and noted that Senedd scrutiny was ongoing, with the Final Budget due to be published on 27 February.

2.28 The Sub-Committee welcomed the update and thanked partners for all their support through this difficult period, highlighting the strength of partnership working throughout.

## Item 3: Child Poverty Strategy

3.1 The Minister for Social Justice and Chief Whip introduced the item, which provided an update on the publication of the Child Poverty Strategy.

3.2 A consultation on the draft strategy had taken place the previous year, closing in September and which received 155 responses.

3.3 Building on the recommendations of the Wales Centre for Public Policy, a co-constructed strategy with over 3,000 people with lived experience had been developed, which set out cross-government work that contributed to tackling

poverty and inequality and which identified priority areas where there was need for a renewed focus to realise the policy ambitions of government and delivery partners.

3.4 It was reported the minister would be making a statement to the Senedd to launch the strategy on 23 January.

3.5 The strategy provided the framework for action both in the short and longer term and was set around 5 key objectives. It set out what the government and partners in Wales could do together to help eradicate child poverty in Wales and to mitigate the worst effects for those living in poverty.

3.6 As a result of the feedback from the consultation, the introduction to the strategy had been adapted to better reflect the ambitions of both government and its partners for all children, young people and their families.

3.7 In addition, the content on children's rights and the UNCRC had been strengthened, including a direct reference to the Children's Commissioner's 'The Right Way' resource and approach. A stronger narrative on children's rights more generally had been included, on the UNCRC and its articles, recognising that this work must be delivered through a strong approach to the rights of children.

3.8 It was reported that the content on the importance of the early years, on the relationship between poverty and health inequality and on housing had also been strengthened.

3.9 The strategy would focus activity on those programmes and interventions which would have the greatest impact on reducing child poverty within the powers devolved to Wales.

3.10 The Sub-Committee recognised that tackling child poverty, which was so vital and complex, could only be achieved if all Ministers worked together, as

one Welsh Government, and in partnership with public bodies, the third sector and businesses in Wales.

3.11 A community of practice approach would follow up to the successful summit held the previous year, as set out in the strategy. This forum would bring together colleagues from across public services and the third sector to compare learning and share good practice to support a joined-up approach to the funding, development and implementation of work to create a 'More Equal Wales,' including tackling child poverty.

3.12 To monitor progress against the strategy the Welsh Government would develop a monitoring framework. Work to develop this robust monitoring framework was being taken forwards at pace and would include an independent expert review of the proposed indicators.

3.13 The framework would take into consideration the national indicators and national milestones in place under the Well-being of Future Generations Act, as the means to demonstrate transparent accountability.

3.14 This framework, based on a range of measures, would more accurately reflect progress against the government's approach to this complex set of problems than a purely target-based measure. The most effective way to measure implementation would be through a co-ordinated approach across every level where relevant powers were held.

3.15 It was acknowledged that publication of the strategy, and the development of the framework was the beginning of the journey, and it was important to recognise the challenging fiscal situation, which would inevitably impact the scale and pace of delivery.

3.16 Despite this, there were things that could be achieved together to support people to access their entitlements, to maximise their income, to reduce everyday costs, to access services and to reduce the barriers and stigma which

poverty caused.

3.17 The Sub-Committee welcomed publication of the strategy and the focus on collaborating with colleagues and partners to drive it forwards and deliver real change for children and families in poverty.

## Item 4: Childcare Offer for Wales

4.1 The Deputy Minister for Social Services introduced the item, which provided an update on the Childcare Offer for Wales, and the expansion of its eligibility criteria to include parents in education and training.

4.2 It was recognised that affordable, available and accessible childcare enabled parents to work, and supported the drive to increase economic growth, tackle poverty and reduce inequality.

4.3 The Childcare Offer was a key commitment within the Child Poverty Strategy, particularly under Objective 2 and creating pathways out of poverty.

4.4 The Childcare Offer provides up to 30 hours of government funded early education and childcare for the 3–4-year-olds of eligible parents, for 48 weeks per year. There were over 12,873 children taking up the Childcare Offer in October 2023. This represented a take-up rate of 57% of estimated eligible parents.

4.5 Its primary policy aims are to enable more parents to return to work, increase the disposable income of those in work and help counteract poverty for those in low-paid jobs.

4.6 Childcare was often quoted as the reason some parents worked where they did, worked the hours they did, or did not work at all, and well-paid work is the best route out of poverty, and the greatest protection against poverty.

4.7 The latest independent evaluation findings for the Childcare Offer, which were published in March 2023, once again found the scheme had been supporting parental employment and 75% of parents had reported the Offer made it easier for them to undertake their work.

4.8 In addition, 37% of parents reported they would be working fewer hours, had the Offer not been available to them, and for parents earning under £26,000 per year the impact was even greater with 42% reporting they would be working fewer hours without the Offer.

4.9 It was recognised that gaining qualifications, retraining and changing career paths would also be a crucial step for some parents seeking to improve their employment prospects as a way out of poverty. As such independent research was commissioned in 2019 to map the various childcare support programmes available to parents in education and training and those returning to work. The review, published in March 2021, highlighted the potential gaps and the impacts that existing programmes had on removing childcare costs as a barrier for those parents.

4.10 This informed the development of the Programme for Government commitment for the government to support more parents in education and training, or on the edge of work. Supporting parents in education and training with childcare costs meant a greater number of families, and particularly women, would be able to benefit from improved employment prospects.

4.11 To enable this, the government expanded the Offer's eligibility criteria from September 2022 to parents in education and training, supporting the PfG commitment. This expansion applied to all parents enrolled on Higher or Further Education courses of at least 10 weeks in length.

4.12 This expansion of the Childcare Offer reflects the value placed on supporting those seeking to improve their employment prospects by gaining qualifications, retraining or changing career paths.

4.13 By the end of the academic year 2022/2023, 675 additional families were supported as a result of the expansion of the Offer to include eligible parents in education or training.

4.14 Promoting this expansion, as part of the wider Childcare Offer programme, was also a key aim of the strategic communications plan, with communications teams within the Welsh Government and within Local Authorities working to promote the expansion to parents in education and training within local Higher and Further Education Institutions.

4.15 The success of the promotion work had so far seen the number of parents in education and training, supported by the Offer jump to 1100 by the autumn term of this academic year, compared to just under 200 during the autumn term for 2022/2023.

4.16 It was suggested that partnership was again the key approach to the success of this policy and the Social Partnership Council would be a useful forum to get this message out across networks such as the fostering, adoption and kinship carers and Meithrin and Cylch networks, alongside a role for RSLs to provide information to their tenants.

4.17 The Deputy Minister provided an update on the Flying Start programme, which was currently meeting its targets for the second phase of expansion with almost ten thousand children supported having achieved targets for phase one. It was noted that Flying Start take up is around 85%. This is a significantly higher take up rate than the Childcare Offer, but with the aspiration is that numbers would increase with the continued promotional work and help of partners to highlight its benefits.

4.18 Monitoring uptake of the Flying Start expansion would continue, alongside wider monitoring of the Childcare Offer as a whole and would ensure provision of the Offer to parents in education and training was highlighted through the ongoing cycle of annual evaluation. The positive generational impact of this

policy was highlighted.

4.19 The Sub-Committee welcomed the approach to support an increase in economic growth, tackle poverty and reduce inequalities by so many parents in education and training, using the government's expanded Childcare Offer and expanded Flying Start, and noted the series of oral statements scheduled for Plenary the following week.

Cabinet Secretariat  
January 2024

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