

Meeting of the Finance Sub Group of the Partnership Council for Wales
Wednesday, 19 August 2020

11:00 – 12:45

MS Teams

Minutes

Welsh Government Ministers

Julie James MS, Minister for Housing and Local Government – Chair
Hannah Blythyn MS, Deputy Minister for Housing and Local Government
Rebecca Evans MS, Minister for Finance and Trefnydd
Vaughan Gething MS, Minister for Health and Social Services
Julie Morgan MS, Deputy Minister for Health and Social Services

Welsh Local Government Association

Cllr Andrew Morgan (RCT)
Cllr Anthony Hunt (Torfaen)
Cllr Dyfrig Siencyn (Gwynedd)
Cllr Carol Clement-Williams (Neath Port Talbot)
Cllr Hugh Evans (Denbighshire) – deputising for Cllr Mark Pritchard
Cllr Phil Murphy (Monmouthshire) – deputising for Cllr Peter Fox

Police and Crime Commissioners

Alun Michael, South Wales Police and Crime Commissioner

Welsh Local Government Association officials

Dr Chris Llewelyn – Chief Executive, WLGA
Jon Rae – Director of Resources, WLGA
Merion Rushworth – Head of Finance, Newport (deputising for Nigel Aurelius)

Welsh Government officials

Judith Cole – Deputy Director, Local Government Finance and Workforce Partnerships Division
Simon Edwards – Head of Local Government Funding
Debra Carter – Deputy Director, Local Government Strategic Finance Division
Sarah Govier – Head of Public Spending Policy
Gareth Griffiths – Head of Paying for Care
Neal O’Leary – Programme Director - 21st Century Schools and Colleges
Alex Bevan – Special Advisor
Sara Faye – Special Advisor

APOLOGIES

Kirsty Williams MS, Minister for Education
Cllr Paul Miller (Pembrokeshire)
Cllr Rob Stewart (Swansea)
Cllr Peter Fox (Monmouthshire)
Cllr Mark Pritchard (Wrexham)
Nigel Aurelius – Torfaen (Chief Finance Officer)
Reg Kilpatrick – Director Local Government, Welsh Government

Agenda Item 1: Welcome and Introductions

1. As the Minister for Housing and Local Government was running late due to flooding around Swansea, the Minister for Finance and Trefnydd (MFT) chaired the first part of the meeting. The MFT welcomed members to the third Finance Sub Group meeting of 2020 and recorded apologies. The Minister for Education had to give apologies at short notice, due to the school exam results.

Agenda Item 2: Minutes and Matters Arising from Previous Meeting

2. The minutes from the last meeting were agreed. The action under paragraph 24 had been superseded by subsequent letters; and action under para. 42, to circulate FSG terms of reference, with an updated list of members, was completed prior to the meeting.

Agenda Item 3: Finance Minister's Update

3. The MFT opened by setting out the approach the Welsh Government intended in emerging from the COVID-19 pandemic, first to stabilise our economy and public services before putting in an intense effort to reconstruct our economy and society on a new basis. The recovery from the impacts of the pandemic had to respond to the other significant ongoing challenges of climate change and the UK's departure from the EU.
4. The MFT noted the Office for Budget Responsibility's (OBR's) Fiscal Sustainability forecast the largest decline in annual GDP for 300 years, and an unprecedented peacetime rise in borrowing this year to between 13 and 21 per cent of GDP. She outlined the funding which had been provided by the UK Government to Wales and noted that this gave certainty for the rest of the financial year on the funding available to deal with the COVID-19 pandemic. This should provide stability for both local government in Wales and the NHS.
5. The Minister said the UK Government had announced a Comprehensive Spending Review in late autumn, which should provide for 3-year revenue and 4-year capital budgets, although it is possible that this will not materialise and we will, again, only have a 1-year budget. The Welsh Government will be pressing for greater clarity on the timetable as well as the position on EU funding. She said the UK Treasury had not agreed to the requested for greater budget flexibilities including converting £200 million of capital funding into revenue. The outcome of the review of capital plans has however enabled £50 million to be repurposed which will be allocated in due course.
6. Cllr Anthony Hunt agreed with the need to press UK government on the future funding timetable, as local government would continue to seek greater certainty for future budgets. He thanked the Welsh Government and Ministers for the approach to engagement on the pressures surrounding the COVID-19 pandemic to date and confirmed local government were keen to continue to work with the Welsh Government in this way. In particular Local Government would welcome continuing to work together on the increased pressures on Council Tax Reduction Schemes (CTRS) and council tax collection rates. He offered local

government's assistance on raising concerns with UKG on capital and EU funding. The MFT noted these points and said the Welsh Government was also looking at the potential for carry over into the next financial year for both the Welsh Reserve and for local government.

7. Alun Michael said potential reduced council tax collection rate and lower tax base (particularly against a previously projected increase) would cause problems for police funding with regards to the Home Office Police Grant, as well as council tax revenues, and that this needs to be addressed proactively in order to maintain current policing levels. The MFT asked officials to liaise with Alun Michael on this.
8. **Action: Debra Carter/ Judith Cole to liaise with Alun Michael on the issue of potential reduced council tax collection rate, lower tax base and implications for police funding.**
9. Cllr Carol Clement-Williams added that there are a number of shared issues that impact both the police and local authorities such as increases in homelessness numbers, increases in domestic abuse and issues with the third sector and childcare. These issues will also have a knock-on impact in other areas, such as the NHS. The Minister noted the point around homelessness and suggested that this was picked up in another forum.

Agenda Item 4: WLGA Update

10. Minister for Housing and Local Government (the Minister) took the chair. Cllr Andrew Morgan added his thanks to those expressed by Cllr Hunt on the positive engagement between Welsh Government and local government and noted that the support package put in place – particularly the £264 million – has made, and will continue to make, a massive difference to local government in Wales and the way it is able to deliver services and respond to the pandemic. He looked forward to continuing discussions on future local government stimulus. The Minister thanked Jon Rae, Chris Llewelyn and others who had contributed to the paper which had been very useful in informing ministerial considerations on the support for local government.

Agenda Item 5: Minister for Health and Social Services, Vaughan Gething / Deputy Minister for Health and Social Services, Julie Morgan

11. The Minister for Health and Social Service (MHSS) began by expressing his gratitude for the collective response to the COVID-19 pandemic. The majority of funding – both for the NHS stabilisation funding, as well as the local government package – had come from UK Government consequentials and, as the Welsh Government had already secured PPE, some of this funding can be used to plan and prepare for the potential of a second wave and additional winter pressures. Despite the funding from the UK Government, the MHSS stressed levels of funding for the NHS remained constrained.
12. The MHSS spoke about the Test Trace Protect (TTP) strategy in Wales and the better position in Wales than in England, not least as a result of the involvement

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of local government at an earlier stage in the process. Statistics would shortly be published on the speed of contact, which are also very positive. The MHSS was grateful to local government for the part it had played in the process.

13. The Deputy Minister for Health and Social Services (DMHSS) outlined the funding provided to local authorities for their commissioned and in house adult care in response to the pandemic. An initial allocation of £40 million through the hardship fund was extended through June and claims submitted were very close to the budget allocated. The further allocation into the hardship fund of £22 million to the end of September was to enable fee uplifts across adult care and a resource for addressing care home voids and unpredictable expenses.
14. The DMHSS referred to the Reference Group which involves WLGA officers chaired by a senior Welsh Government official (Matt Jenkins) and their work to draft scheme guidance which was published on 29 July. The DMHSS indicated that the guidance provides for a transition period through July.
15. The DMHSS confirmed a further £22 million had been provided for Local Health Boards to support the care they commission in nursing homes. The DMHSS said it was important for the LAs and LHBs to work together to support the stability of the local market by utilising these funds in partnership.
16. The DMHSS provided an update on the work of the Paying for Social Care programme on which local government was represented. Prior to the pandemic, the Welsh Government had been planning a public consultation on the potential of raising taxation to fund social services, but this was now looking unlikely in the current climate. The DMHSS expressed her thanks to local government for protecting the social care sector during this difficult time.
17. Cllr Hunt thanked the DMHSS and MHSS for their support and funding for social care, and the recognition of the work which had gone into securing PPE. He suggested Welsh Government should be publicising the successful TTP performance. Cllr Morgan agreed the health service was working well with local government on TTP and that Wales was in an enviable position compared to England. He expressed concern about the potential upcoming winter pressures and asked that if funding for winter pressures in the social care sector was possible it should be determined early to support planning with the NHS.

Agenda Item 6: Minister for Education, Kirsty Williams

18. The Minister apologised for the fact that the Minister for Education was unable to attend this meeting, but offered a brief update on the Welsh Government's consultation on teachers' pay, which proposes to implement a 3.1% uplift, in line with that in England, and higher than the 3.0% recommended by the IWPRB. The written consultation with key stakeholders will close on 22 September, after which the Minister proposed to bring this item back to the Finance Sub Group.
19. **Action: To bring an item back to the Finance Sub Group on teachers' pay, following the end of the consultation and (para 28) invite Minister for Education to the September meeting of the FSG.**

20. The Minister noted the funding provided to local government for free school meals, including £1.28 million for the first two weeks of transition into the new school year; £2.7 million for summer enrichment; and funding included with the £264 million for local government towards enhanced cleaning in schools.
21. The Minister also referenced the ongoing debate around school funding more widely and the work being undertaken by Luke Sibieta, and suggested that this should be picked up elsewhere.

Agenda Item 7: Distribution Sub Group Progress Report

22. Simon Edwards presented the update report of the DSG, which set out the remit of the group for 2020, along with progress against the work programme as agreed by FSG in February. A number of the datasets within the settlement are recommended to be frozen, so as to avoid any adverse effects of the staggered rollout of Universal Credit, and the DSG will continue to monitor datasets which may have been impacted by the COVID-19 pandemic. The group were made aware of the potentially large distributional impact of updating the base year of the population projections in this year's settlement and that DSG were considering papers on potential phasing of this data.
23. Cllr Hunt specified that local government were looking for as much stability as possible in the upcoming settlement.

Agenda Item 8: Police and Crime Commissioner's update

24. In addition to his earlier comments on the challenges of a potential reduction in council tax revenues, Alun Michael set out the increased pressures which police forces are facing as a result of the pandemic. He expressed his gratitude for the work carried out by Cardiff, Swansea and Newport Councils on the Steering Group of Criminal Justice System in Wales and for the engagement of local government colleagues in this and many other areas of work.
25. The Minister thanked Alun Michael for these comments and Cllr Hunt thanked him for his comments on the common concerns around council tax collection.

Agenda Item 9: AOB

26. The Minister welcomed the united front which Welsh Government and local government in Wales will offer during the CSR.
27. The Minister confirmed that, as part of the programme of Ministerial attendance at FSG, Lesley Griffiths MS, Minister for Minister for Environment, Energy and Rural Affairs, is due to attend the next meeting in September. The Minister also suggested that we should seek attendance from Minister for Education.
28. The Minister confirmed the next meeting would take place on 30 September, via MS Teams.