

Meeting of the Finance Sub Group of the Partnership Council for Wales
Wednesday, 30 April 2020
1pm to 2:30pm
MS Teams
Minutes

MEMBERS

Welsh Government Ministers

Julie James AM, Minister for Housing and Local Government – Chair
Hannah Blythyn AM, Deputy Minister for Housing and Local Government
Rebecca Evans AM, Minister for Finance and Trefnydd
Ken Skates AM, Minister for Economy, Transport and North Wales

Welsh Local Government Association

Cllr Andrew Morgan (RCT)
Cllr Anthony Hunt (Torfaen)
Cllr Paul Miller (Pembrokeshire)
Cllr Dyfrig Siencyn (Gwynedd)
Cllr Rob Stewart (Swansea)
Cllr Peter Fox (Monmouthshire)
Cllr Carol Clement-Williams (Neath Port Talbot)
Cllr Mark Pritchard (Wrexham)

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
Mari Thomas - WLGA
Nigel Aurelius – Torfaen (Chief Finance Officer)

Welsh Government officials

Debra Carter –Local Government Strategic Finance
Judith Cole - Local Government Finance and Workforce Partnership
Simon Edwards – Local Government Finance and Workforce Partnerships
Emma Smith - Local Government Finance and Workforce Partnerships
Amanda Whittle - Local Government Finance and Workforce Partnerships
Matt Wellington – Strategic Budgeting, Welsh Treasury

APOLOGIES

Reg Kilpatrick – Director Local Government, Welsh Government

Agenda Item 1: Welcome and Introductions

1. The Minister for Housing and Local Government (the Minister) welcomed members to the second Finance Sub Group of 2020.

Agenda Item 2: Minutes and Matters Arising from Previous Meeting

2. The minutes from the last meeting were agreed.
3. There is an outstanding action under para 46 for officials to investigate with DSG what work could be done. The last meeting had been cancelled - next meeting will take place on the 12 May.

Agenda Item 3: Minister for Economy, Transport and North Wales Update

4. The Minister for Economy, Transport and North Wales (METNW) reflected on the huge effort to provide more than £0.5 billion to more than 40,000 businesses in Wales and emphasised his appreciation to authorities for administering the grants. The next 25% of the funding would be released on 1 May.
5. The METNW also reflected on the significant number of applications received for the economic resilience fund. There been over 6,500 micro-business applications totalling £63.5m, and almost 2,500 SME applications totalling £138.6m. The METNW noted that between the Welsh Government and Local Government administered schemes one in five businesses had benefitted, this was in addition to UK government support schemes.
6. The METNW indicated additional guidance has been provided for grants for self-catering businesses which need to evidence trading with 2 years of accounts and confirm they are not residing and it is the primary source of income (i.e. 50% or more). METNW reiterated the need for using public money to be carefully balanced with the need to allow authorities to administer grants in a sensible and sensitive manner.
7. It was noted that longer term consideration was needed to build resilience into communities that were reliant on tourism as they have the additional burden of seasonal trade and are already desolate out of season.
8. The METNW expressed the desire to get the economy moving again as quickly as possible and quoted the FM that this must be done with caution, guided by the science and the data as we do so. We will only begin to relax the measures we have confidence the evidence supports this.
9. The METNW outlined the need to come out of social distancing measures in the right way that supports the economy to recover as quickly as possible as being important but also to consider wider impacts on our culture and society.

Finance Sub Group Meeting – 30 April 2020 Minutes of the Meeting

10. The METNW noted Europe are lifting restrictions and the Welsh Government were keeping a watching brief and that we don't want to be in a position which allows the virus to return later in the year.
11. The METNW described challenges with the public transport network. The METNW expressed an opportunity to reshape the bus network, which was already considered to be in a precarious situation before lockdown and was much worse now. He would welcome the opportunity to explore opportunities to plan for long term sustainable plans when the restrictions are eased.
12. Cllr Andrew Morgan echoed comments around the need for simplicity and clarity with regards to the relaxing of lockdown rules, including for the police and businesses and pointed to lessons learned from the foot and mouth crisis, where there was confusion around guidance.
13. Cllr Anthony Hunt wanted to record his thanks to Welsh Government and Local Authorities for the administration of business support grants. The METNW noted he had received e-mails with thanks for the swift administration of grants which he would share. He looked forward to continued collaborative working.
14. Cllr Rob Stewart raised the need to provide business rates support for Debenhams as they are an anchor store in Swansea. The Minister indicated that a sub-group had been set up to separately discuss this.
15. Cllr Carol Clement-Williams raised the issue of providing support to Tata Steel and the METNW confirmed he has raised this with ministers in BEIS (Department for Business, Energy and Industrial Strategy) and hopes the UK government will provide a positive decision on support for the steel industry, but the ask is substantial.

Agenda Item 4: Minister for Finance and Trefnydd Update

16. The Minister for Finance and Trefnydd (MFT) opened by outlining the significant pressure on Welsh Government budget and the difficult decisions that were required at every level. All Ministers have been asked to review plans which has enabled reprioritisation of £250m additional resources to directly support the COVID response across Wales. This means having to accept that they will not be able to do all that was planned for this term of Government. The first supplementary budget will be published next month and this will be an opportunity to see which programmes have been reprioritised and the Welsh Government will no longer be funding. This exercise may need to be repeated.
17. MFT explained that funding decisions are being taken through a "star chamber" which meets regularly to consider affordability, provide coherent approach to challenge and give advice very quickly.
18. The MFT outlined work ongoing with the UK government not just with requests for further funding but also increased flexibility around reserves and use of capital funding for revenue purposes. She indicated that the UK government are also

Finance Sub Group Meeting – 30 April 2020 Minutes of the Meeting

reviewing spending plans in order to release funding to support the response to COVID and there is no expectation of any further large consequential to Wales.

19. The MFT wanted to also convey her thanks for the successful administration of business rates relief and indicated a further £90m would be paid on 1 May. She acknowledged ongoing concerns for council tax support, increased applications and the need to work with WLGA to understand the scale.
20. The MFT ended her update by highlighting the publication of an IFS report on council tax for consideration alongside other research on the future of council tax when the position has settled down.
21. Cllr Anthony Hunt welcomed the next instalment of business grant funding and offered help to monitor the situation of council tax support.
22. Cllr Rob Stewart asked whether the supplementary budget would provide information on what will continue as well as stop or reduce. He suggested that whilst the RSG advance was welcome it should be clearly separated from extra funding. The Minister indicated that it would be clear on what is normal funding and what is additional due to COVID or in response to the flooding earlier in the year. The MFT confirmed that the detail in the supplementary budget would be far greater than the usual technical exercise.
23. The Minister also noted that the work that had been completed on what duties could be stopped or slackened and the list would be available shortly, to correlate funding with duties that can be relaxed.
24. Cllr Carol Clement-Williams indicated she had received a response from Simon Hart (Secretary of State for Wales) to a letter she had written confirming there would be no further funding coming to Wales. She agreed to share this with the MFT, along with the letter initially sent to the Prime Minister.

Action – Cllr Carol Clement-Williams to share response from Simon Hart, along with the letter initially sent to the Prime Minister.

25. Cllr Anthony Hunt suggested that keeping pressure on the UK government re capitalisation could be a beneficial mechanism for authorities.
26. Cllr Mark Pritchard questioned the Barnett consequential for local authorities and noted the challenge of income loss. The MFT stated that a large portion of this has already been allocated including £1.7bn for businesses and up to £110m for the LA hardship fund. The Minister explained this had not been issued on the settlement formula but was being paid on actual expenditure incurred. She wanted to take the opportunity to reiterate that this fund was not on a first come first serve basis and that WG was working openly with WLGA to manage the fund.

27. Cllr Carol Clement-Williams noted that there was a difference between giving councils money and giving businesses money and that this needs to be recognised.

Agenda Item 5: WLGA item – loss of income

28. Cllr Anthony Hunt thanked the WLGA officers for their work and the speed of turning the surveys provided into the report. He noted that he welcomed the open working with the Welsh Government but that did not mean that the pressures were any less. He noted that the report showed costs pressures net of savings of around £90m for the first quarter and income loss net of potential deferred income and savings of £78m. This excluded any pressures on council tax collection rates and the council tax reduction scheme. He also noted that in terms of staffing resources the initial focus had been on redeployment of staff but councils were now looking at where staff could be furloughed if not redeployed. This was been done in conjunction with partners where services were outsourced or delivered through arms-length companies.

29. In terms of exit strategies and recovery plans a number of different streams of work were now being looked at, including how successful different ways of working had been. It would be important to keep the ethos of the community response and build resilience. It was important to not just go back to the old “normal” especially in areas like homelessness.

30. Jon Rae and Mari Thomas provided further details on each of the sections within the report.

31. The Minister thanked the WLGA for the report and the enormous amount of work that had gone into it. The Minister noted that allocations will not be on a first come first served basis and that will be based on actuals, not formulae, and that there was no suspicion of the figures having been massaged. The Minister noted that the hardship fund appeared to be meeting the need on additional costs. The request for loss of income support would now go to Star Chamber and once a way forward was found in terms of funding, Welsh Government officials will work with WLGA officers to develop a criteria for funding to LG.

32. The MFT noted that there are some areas where furloughing staff could be an appropriate course of action.

33. Cllr Andrew Morgan noted that it would also be likely that there would be capital pressures due to social distancing measures that need to be applied.

34. Cllr Dyfrig Siencyn asked for clarity on the use of grants and how much flexibility was available.

35. Cllr Peter Fox thanked officers for the report and echoed deep concern for the financial position of local authorities. He noted that some were very anxious about their balance sheet positions and the prospect of S114 notices in the

future. The additional costs were especially clear in areas like school transport where social distancing would require far more vehicles. He welcomed the collegiate working with Welsh government.

36. The Minister asked officials to resend the grants guidance out and noted each separate grant was treated individually depending on the circumstances. A grant variation letter would have been sent where changes had been made. She noted that work was ongoing on capital pressures across government and an exercise was ongoing looking at possible re-profiling or re-purposing. The Minister also noted that the issues around income from council tax and pressure on the reduction scheme were being looked at separately, as was the NDR funding stream. She confirmed that capitalisation would continue to be looked at as an option.
37. Cllr Anthony Hunt thanked Ministers and noted that there was a good level of communication between central and local Government in Wales.

Agenda Item 6: Police and Crime Commissioner update

38. Alun Michael echoed the thoughts on good communication in Wales and summarised his paper which included the financial position on the precept. The apprenticeship levy remained a concern and they were repressing the home office to resolve.
39. In respect of COVID, it was noted that the police were keen to avoid a backlog in the criminal justice system and that there would be major challenges ahead.
40. The Minister confirmed she was happy to raise the issue at COBRA meetings. She noted that the main issues were the criminal justice system continuing during the pandemic, overcrowded prisons and prisoner release and expressed gratitude to the police and local authorities for dealing with the issues as they arose.

Agenda Item 6: AOB

41. Noted that the Minister for Finance and Trefnydd and the Deputy Minister for Housing and Local Government should be included as members in the terms of reference.
42. The Minister noted that there was a leaders meeting on 1 May so any further issues could be raised there.

Action – update the Terms of reference members list.

The next meeting was confirmed as 15 July (later rescheduled for 23 July).