



Llywodraeth Cymru  
Welsh Government

Welsh Government  
Draft Budget 2023-24

# Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG

December 2022

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## **Purpose**

The Minister for Health and Social Services, the Deputy Minister for Social Services and the Deputy Minister for Mental Health and Well-Being have agreed to attend the Health and Social Care Committee on the 11 January 2023 to give evidence on their Draft Budget proposals.

## **Introduction**

This paper is an update on specific areas of interest to the Committee as outlined in a letter from the Chair of the Committee dated 8 November 2022.

## **Budget Overview**

	<b>2023-24</b>
<b>Revenue</b>	<b>£m</b>
Revenue Baseline as @ Final Budget 2022-23	9,793.30
Baseline Adjustments	(4.3)
Budget Reprioritisation	(23.7)
MEG allocation	457.80
Transfer in of existing budget (CCG grant)	160.20
<b>Revised DEL as @ Draft Budget 2023-24</b>	<b>10,383.30</b>
<b>Capital</b>	
Capital Baseline as@ Final Budget 2022-23	339.3
Additional Allocation	35.7
<b>Revised DEL as @ Draft Budget 2023-24</b>	<b>375</b>
<b>Overall Total HSS MEG Draft Budget 2023-24</b>	<b>10,758.30</b>

*The table above does not include Annual Managed Expenditure (AME), which is outside the Welsh Government's Departmental Expenditure Limit (DEL).*

## **Approach to Budget proposals**

The Health and Social Services Main Expenditure Group (MEG) contains the core revenue and capital funding for NHS Wales, as well as funding to support public health, social care and supporting children. It supports our well-being objectives to provide effective, high quality and sustainable healthcare, and to protect, re-build and develop our services for vulnerable people. It also supports the ongoing implementation of A Healthier Wales, our long term plan for health and social care.

This budget covers a two year period from 2023-24 to 2024-25. The MEG settlements have been assessed through the budget setting process with agreement by Cabinet to, as far as possible, protect front line core services.

The draft budget for 2022-23 provided for an increase in recurrent NHS funding of £824million, although this budget was set at a time when inflation rates were expected to plateau at around four per cent, and before the war in Ukraine created significant rises in energy prices.

With this funding we were able to provide a core uplift of £180million, at the beginning of the 22-23 financial year, to NHS organisations to meet core cost and demand growth and along with the £170million funding we allocated to support the recovery of planned care, these will be recurrent for 23-24.

The HSS MEG will increase from the adjusted revenue baseline of £9.789billion up to £10.383billion for 2023-24 and £10.613billion for 2024-25.

The HSS MEG settlement provides for a net increase in the 'Delivery of Core NHS Services' BEL in 2023-24 of £407.3million, with a further increase of £204million in 2024-25.

In addition to the NHS funding uplift allocated for 2023-24, the HSS MEG settlement also includes specific allocations for:

- Mental health £75million for 2023-24, increasing to £90million by 2024-25
- Social care £55million, increasing to £60million by 2024-25 and;
- Childcare & early years £28million allocated in 2022-23, increasing to £30million in 2023-24.

Recurrent revenue funding of £170million for NHS recovery remains in place for 2023-24 and this funding will be allocated to the NHS to support the implementation of plans to strengthen planned care services and help reduce hospital waiting times.

We will also continue to invest in a value-based approach to recovery over the medium term, with a focus on improving outcomes that matter to patients; £19million is allocated in 2023-24 for this. This allocation will also support NHS recovery, with a focus on delivery of high value interventions that ensure improved outcomes for patients and support service sustainability and reducing waits for treatment over the medium term. This investment will give greater focus on delivery of outcomes that matter for patients and will complement the implementation of plans currently being developed to tackle the immediate backlog of patients waiting for treatment.

Taken together, these investments ensure we are on course to deliver against our commitment to invest £1billion for NHS recovery over the course of this Senedd.

We have set aside funding in this budget for ongoing Covid interventions, specifically testing, contact tracing, mass vaccination and provision of PPE to the NHS and social care. This funding has been scaled back, in line with plans, in 2022-23 and will be kept under review as we work through the ongoing challenges of Covid.

There will be a £17.8million increase in funding to support the Education and Training commissioning plan, investing in the future workforce of NHS Wales. This will be our largest ever investment in workforce training for the NHS. We will also continue to provide £7million towards meeting our commitment to establish a new medical school in North Wales.

We are also investing over £657million general capital for Digital Infrastructure, NHS Equipment, and NHS Infrastructure across 2023-24 and 2024-25. With additional capital investments for Social Care of £105million across 2023-24 and 2024-25.

We are also allocating an additional £10million to support the expansion of Flying Start to help meet the Programme for Government commitment to deliver a phased expansion of early years provision to include all two-year-olds (Phase One), with a particular emphasis on strengthening Welsh medium provision. This is also a key element of the cooperation agreement with Plaid Cymru.

## **Commentary on actions and detail of Budget Expenditure Line (BEL) allocations**

### **1. A breakdown of the 2023-24 Health and Social Services MEG allocations by**

## **Spending Programme Area, Action and Budget Expenditure Line (BEL).**

Please refer to Annex A.

### **2. Indicative Health and Social Services MEG allocations for 2024-25 and 2025-26.**

The indicative budget allocations for 2024-25 are included in the BEL tables at Annex A. We do not have indicative budgets for 2025-26.

### **3. Commentary on each of the Actions within the Health and Social Services MEG, including an analysis and explanation of changes. The baseline for this purpose should be consistent with the baseline set out in the budget narrative and expenditure tables.**

Please refer to Annex B.

## **Other information**

In addition to the four usual themes of value for money, prioritisation, preventative spending and affordability, and an indication of how the Well-being of Future Generations Act 2015 and its five ways of working have influenced the budget allocations for health and social care, the Committee would like to receive information on the following (where not already covered in the commentary on each Action).

### **Putting people at the heart of health and social care**

#### **4. Please provide details of how the draft budget allocations for primary care services, including investment in the primary care estate and primary care networks, will contribute to the Welsh Government's policy aim of shifting care from hospitals to primary care or community settings. How will you assess whether the allocations are achieving the intended outcomes.**

In order to reflect the fact that Health Boards will be under severe financial constraints as a result of inflationary pressures, they have been given only a few priorities in terms of guidelines in terms of priorities within their IMTPs. The first priority is the work to implement changes to improve delayed transfers of care and shift to community care. A proportion of the budget will be held back to incentivise closer cooperation between health and local government and to promote a shift to community care from secondary care.

Clusters were established as mechanisms to orientate planning away from individual service priorities and towards the needs of individuals and communities using all the resources available in each cluster area to the greatest effect.

A cluster brings together all local services involved in health and care across a geographical area, typically serving a population between 25,000 and 100,000. Working as a cluster ensures care is better co-ordinated to promote the well-being of individuals and communities.

Clusters are at the heart of the Primary Care Model for Wales, which supports the delivery of the vision in A Healthier Wales of an integrated health and care service focused on promoting health and well-being and designed to deliver access to the right care at the right time from the right professional or service at or close to home. A Healthier Wales recognises people should only go to a district general hospital if this is the only place that the treatment that individual can be provided

During 2023-24, we are accelerating cluster working and making the distinction between their

planning and delivery functions. By March 2024, Professional Collaboratives will be established for GPs, pharmacists, optometrists, dentists, allied health professionals and nurses. These Collaboratives are represented at the cluster to optimise multi professional service delivery. To strengthen the cluster planning function, health boards and their local authority partners have established pan cluster planning groups (PCPGs) which, as they embed, can better align local planning with strategic planning at Regional Partnership Board (RPB) level. As RPB and PCPG planning strengthens, this should rebalance the health and care system with its workforce and investment away from hospitals and illness towards a focus on health and well-being in our communities.

A range of national actions to support the rebalancing of the health and care system into a locally accessed wellness service is led through the Rebalancing Care Programme, the Strategic Programme for Primary Care, the Six Goals for Urgent and Emergency Care. From 2023-24 the Planned Care Programme will begin to drive the implementation of national care pathways designed to move from an episodic, medical model of care to a whole person and lifetime social model with more emphasis on self-care, prevention, and local services.

To help bring local services together to collaborate through clusters and to deliver better access to the right professionals, we are taking the following actions:

### **General Medical Services**

The Welsh Government is investing over £17million in General Medical Services (GMS) through the GMS contract agreement for 2022-23. This agreement was announced on 28 October 2022 as a result of tripartite negotiations between Welsh Government, NHS Wales and GPC Wales and sees contract changes which will improve services for patients and reduce the administrative burden for GPs, enabling them to focus on providing high-quality care.

This will introduce the greatest change to the GMS contract since 2004. Subject to consultation in spring 2023, a new streamlined Unified Contract will come into force from 1 October 2023. The Unified Contract aims to simplify what services all GP practices in Wales must provide. We expect this to remove unnecessary bureaucracy for GPs and their teams, as well as making it clearer for citizens to understand what services that can expect to receive from GPs anywhere in Wales.

We are continuing to take steps to improve access to GMS. In 2019 our Access Standards put us on a path to improvement and ensuring consistency across Wales. Achievement has increased year on year over the past three years, with 89 per cent of practices now achieving all standards. We have continued to build on this approach: in April 2022 we introduced changes to the GP contract to improve access to appointments and to resolve the issues around the '8am bottleneck'. The contact agreement for 2022-23 will further lock-in our expectations on access, as practices move from demonstrating they have achieved the Access Standards, to being contractually mandated to maintain them from April 2023.

We are continuing to invest in our primary care workforce to strengthen and improve the capacity within the service. In 2021 we provided an additional £2million funding to support additional capacity in GMS through the challenging winter period. This was increased to £4million from 1 April 2022 for the next three financial years. To meet the complex health needs of people in Wales, a diverse range of roles working together across primary care is needed. This enables people see the right person for their needs and, importantly, this is not always a GP.

### **Community Pharmacy**

There is continued investment via the Community Pharmacy Contractual Framework to provide the Clinical Community Pharmacy Service and Community Pharmacy Independent Prescribing

Service across Wales, supporting people to have access to free advice and treatment in the community, often without the need to wait for an appointment.

## **Integrated Health and Care Centres**

The Programme for Government commitment to develop integrated health and social care community hubs and centres will provide opportunity to support the delivery of seamless services through creating local single points of access and co-location of staff and services delivering integrated care pathways.

Projects will be fully aligned to the principles of the Primary Care Model for Wales and A Healthier Wales: Long Term Plan for Health and Social Care (2019), in providing a whole system approach that demonstrates integration of health, social care, local authority and voluntary sector services. This has facilitated collaboration and consultation to reach a consensus on the type of primary care provision that patients and staff believe gives the best support to people, gives easy access to local services for care and which technological solutions improve access to support self-care.

The vision is focused on flexible functions and adaptable design that supports changing service provision. Feedback from engagement activities has highlighted the following key principles that are important elements of the future development of the primary care estate in Wales:

- The importance of establishing new facilities as a focus for the wider community.
- The need to move away from single partner pure General Medical Services models, in favour of more sustainable, collaborative, co-located multi- disciplinary services.
- The need to optimise the use of the wider public estate (e.g., libraries and community halls).
- Recognition that separation of unscheduled / urgent primary and community care pathways may require different facilities.
- No 'one-size-fits-all' design approach – the strategy must be flexible and able to respond to local needs.
- The importance of equity for all patients in terms of access, service offer, and environment is of critical importance.

## **Rehabilitation Care and Support**

Older people who are also frail are more likely to have unplanned admissions and are more susceptible to healthcare associated infections, delirium and difficulties in maintaining good nutrition, hydration and skincare. As a result, frail older people usually have longer stays, higher mortality and rates of readmission, and they are more likely to be discharged to residential care (think frailty, NHS Improvement Scotland).

Frailty pathways, based on immediate assessment of frailty and access to a multi professional teams (comprising as a minimum of geriatricians, older people's nurses, occupational therapists and physiotherapists) will deliver rapid improvement.

Redesignating wards for older people as step-up or step-down intermediate beds (as we are doing for the community capacity step down to recover work) will only succeed if additional occupational therapists and physiotherapists are deployed to facilitate patients' rehabilitation and discharge and the principle of not referring to a care home from an acute bed (D2RA) is applied.

To reduce admission altogether, hospital at home (e.g., GP-led or virtual wards); front door turnaround (Stay Well at Home) and Community Resource Teams delivering 'step up' as well

as 'step down' care are critical tools.

The issue at present is too many health boards are retaining their occupational therapy and physiotherapy resource on medical, surgical or orthopaedic wards with no frailty pathway and are not maximising provision of rehabilitation and admission avoidance services. This prevents effective action to reduce length of stay (LOS) and flow.

The Allied Health Professions (AHP) Framework: Looking Forward Together sets the vision for the transformation of AHPs services including increased access, a greater proportion of the workforce in primary and community services, and the increase of community rehabilitation.

The National AHP Lead for Primary and Community Care is a member of the Strategic Programme for Primary Care team and is leading work to develop the AHP Professional collaboratives as part of the Community infrastructure and Accelerated Cluster Development Programme. They are working with a national Primary Care AHP leadership group to agree how best to support the Pan Cluster Planning Groups to commission multi professional services for specific populations.

A 'kick-start' is needed to shift AHP resource into these services. Preferably this would be a statement or requirement to do this as part of either the Strategic Primary Care Programme or the Six Goals programme, which ideally should be underpinned by funding. In 2022, £5million was identified to increase access to allied health professionals in primary and community services. This now should be recurrent from April 2023 in order to ensure the transformation of AHPs from hospital-based provision to direct access primary and community services which 'pull' people out of hospital back home, based on the D2RA pathways and prevent admissions by providing community alternatives to admission. Integrated, community based AHP services will deliver the common aims of all of the National programmes. Without investment it will be difficult to initiate the change required in AHP working and thus support the workforce to deliver the Programme for Government Commitment to increase access to health professionals.

## **Dentistry**

Funding of £167.7million is allocated to health boards for the provision of NHS dental services per annum. This is supplemented by the Patient Charge Revenue giving a total budget of just under £202million. The dental budget has been increased in line with the Doctors' and Dentists Review Body recommendation for 2022-23 with no reduction proposed in the draft budget for 2023-24.

We are currently working on a programme of reform in dentistry which aims to move from a system based on achieving Units of Dental Activity (UDA) to a system that can address inequalities by focussing on the risks and needs of patients but built on a foundation of prevention. This approach will improve access and quality of services. Since April 2022 dental practices have been offered the opportunity to opt-in to a contract variation that replaces the old Unit of Dental Activity (UDA) measure with volume metrics. With 90 per cent of contracted dental funding now working under reform arrangements good progress has been made in embedding this approach.

The burden of oral disease remains high in the population, despite being predominantly non-communicable and preventable. The primary oral diseases are tooth decay (caries) and gum disease (periodontitis). Oral health disease can be prevented through a combination of dietary modification (reduction in sugar, alcohol, and tobacco consumption), regular toothbrushing with a fluoride-containing toothpaste, and guidance from dental professionals including the supplemental application of fluoride varnish.

Specifically on prevention five per cent of the contract value for each practice participating in contract reform is directly linked to achieving a volume metric on providing fluoride varnish to patients for whom it would be of benefit.

In terms of measuring outcomes dental reform introduces the use of the Assessment of Clinical Oral Risk and Needs (ACORN) tool which categorises patients as Red, Amber, Green for

caries, periodontal and social history. The data generated by using this tool will provide a better picture of the oral health of the population and enable us to track improvement at both local and national levels.

## **Designed to Smile**

Designed to Smile (D2S) is a national programme, which follows public health principles of proportionate universalism<sup>i</sup>. It is based on delivering approaches recommended in NICE guidance<sup>ii</sup>. Funding for D2S is included in the overall health board allocations with a total allocation of just under £4million per year. This remains unchanged for 2023-24.

D2S comprises a universal preventative programme for children from birth, integrated within the Healthy Child Wales Programme and a targeted preventative programme for nursery and primary school children, involving the delivery of nursery and school-based toothbrushing and fluoride varnish programmes for children to help protect teeth against decay.

The aims are to start good habits early, by giving advice to families with young children and encouraging regular attendance to a dental practice. This element of D2S is aligned to the Healthy Child Wales programme and its approach to provision of universal and enhanced support. Children requiring enhanced support are supplied with toothbrushing home packs and feeder cups. All primary schools in Wales are encouraged to participate in the Welsh Network of Healthy Schools, and within that, incorporate good practice for healthy behaviours as part of a 'whole-school' approach. This includes healthy eating for oral health and oral hygiene, and policies on food and drink provision within the setting. D2S works closely with Healthy Schools Co-ordinators and the Nutrition Skills for Life programme. D2S teaching resources are universally available on Hwb (<https://hwb.gov.wales/>) to support teaching professionals providing oral health education and raising awareness of the importance of oral health.

D2S delivers a targeted preventative programme for nursery and primary school children involving the delivery of nursery and school-based toothbrushing and fluoride varnish programmes for children to help protect teeth against decay.

Toothbrushing home packs are also supplied to encourage good habits at home. These aspects of D2S are targeted to more disadvantaged areas of Wales, with approximately 70 per cent of nurseries and schools invited to participate. Children up to and including Year Two (six to seven-year-olds) are included. Additionally, all nurseries with Flying Start status, and all schools with Additional Learning Needs provision are invited to participate.

2022-23 has principally been a recovery year post-pandemic, however we are confident that this programme will be fully re-established in 2023-24.

**5. Please provide details of the allocations in the draft budget for prevention and early intervention, and how you will assess whether the allocations are achieving the intended outcomes. Will the allocations enable a 'whole system' joined up approach to improving people's health and well-being, in addition to targeting resources (and achieving measurable outcomes) in areas of key concern.**

Our focus continues towards taking significant steps to shift the approach from treatment to prevention and early intervention. This is embodied in the vision we have established in A Healthier Wales, where we place a strong focus on prevention and early intervention to help enable and encourage good health and well-being throughout life.

Current actions to address prevention and early intervention are embedded across a wide range of activity. Health Boards in Wales have a core responsibility for the health and well-being of their populations, and much of their prevention work will be funded through their core allocations. This includes work they undertake in partnership through Public Service Boards and Regional Partnership Boards. A core purpose of Public Health Wales is to reduce inequalities,

increase healthy life expectancy and improve health and well-being for everyone in Wales, now and for future generations. Their core funding through this budget for 2023/24 is £134million.

Due to the strategic planning required by the Well-being of Future Generations (Wales) Act 2015, and through our health in all policies approach which is supported by the Health Impact Assessment (HIA) process, it is often not possible to disaggregate budgets to determine what is specifically allocated to prevention from the totality of government spending. However, some specific examples do exist including the Prevention and Early Years funding with a value of £7.2million per annum, which is allocated to Local Health Boards (LHBs) and Public Health Wales (PHW) to act as seed funding to support prevention activity. For 2022-23, 2023-24 and 2024-25, ministers have directed recipients of the funding to use the majority of it to support efforts to tackle smoking in pregnancy, the establishment of a Help Me Quit in Hospital service, and support for prevention aligned with the Healthy Weight: Healthy Wales strategy. Our governance structures, cross government working and collaborations with Health Boards and PHW enable us to have a whole system approach, and to embed evaluation into projects.

Developing a whole systems approach to the prevention and reduction of those overweight and obese, is entrenched into the Healthy Weight: Healthy Wales delivery plan for 2022-24. Officials are working with PHW and local public health teams to build on the role of seven regional co-ordinators and the wide range of health professionals who form an integral part of the system to make change in our eating and activity habits: and consider how each part of the system plays its part in addressing this change. This is being supported by an allocation of £1.2million through the Healthy Weight: Healthy Wales strategy budget.

Alongside this, funding has been targeted towards specific programmes of prevention and early intervention, including £600,000 to support a Children and Families pilot, which is being trailed in Ynys Mon, Merthyr Tydfil and Cardiff; and £1million for the development of an All-Wales Diabetes Prevention Programme (AWDPP), which is delivered across all seven health boards. Evaluation has been built into these programmes, with specific programme boards developed to support delivery and monitor success. Each programme within the Healthy Weight: Healthy Wales, delivery of the revised All-Wales weight management pathway has commenced across all seven health boards. Level one of the pathway focuses on prevention and early intervention and health boards have been supported in developing their delivery plans to support local populations. A national level one digital offer for weight management has been developed by PHW to support this work further, and officials are monitoring success through regular monitoring and discussions at the Evaluation, Research and Outcomes sub-group as specific agenda items arise.

We also have a significant focus on improving chronic condition management to reduce disease progression and the risk of developing secondary complications. Our approach is set out in a series of quality statements for major clinical services, such as heart disease, stroke, respiratory disease, kidney disease and neurological conditions. These statements set out what good clinical services should look like to support the NHS in Wales to plan services. They also include nationally agreed clinical pathways and clinical management guidelines to support NHS services to focus on delivering excellent chronic condition management. We have clinical leadership teams in place in these condition areas that work with services to collect data and improve core provision. For instance, the quality of routine disease management for COPD and asthma is monitored through the National Asthma and COPD Audit Programme. The national clinical lead for respiratory medicine works with health boards in Wales to respond to these findings and develop supportive tools that can help to encourage more consistent and high quality healthcare interventions. This is supported by patients' groups, pulmonary rehabilitation and the provision of self-management apps that can help people to become experts in managing their condition.

We are also developing a Quality Statement for Diabetes that will have a key focus on key care process completion, access to structured education, the achievement of treatment targets and

the introduction of remission service for people with type 2 diabetes. This will build upon the Diabetes Remission Project for 150 patients across Wales to facilitate weight loss and diabetes remission and/or regression. It will enable dieticians across all seven health boards to provide intensive support to 150 patients over a 12-month period and 100 per cent funding of the meal replacement product. Clinical trials have shown that weight management is an effective intervention for those with pre-diabetes in preventing progression onto diabetes and to place type 2 diabetes into remission. The intervention involves withdrawal of antidiabetic and antihypertensive drugs, a total diet replacement formula of 825-853 calories daily for three to five months, followed by the stepped re-introduction of food over two to eight weeks, and structured support for long term weight loss maintenance. Participants will be given intensive diabetic support over a period of 12 months which includes cognitive behaviour therapy.

In addition to this people who are referred onto new pathways of care

will be referred to sources of guidance and support necessary to maximise their chances of successful outcomes, including on healthy behaviours and issues specific to their condition.

### **Importance of Vaccination – as a preventative health measure**

Vaccination is a critical part of NHS Wales delivery to protect our citizens and communities and has an important role in both prevention and response to serious disease. The World Health Organisation estimates that vaccination prevents up to three million deaths worldwide every year. Vaccinations have a positive preventative effect on severe disease – reducing the number of people who need healthcare and saving people from harms which can have lifelong effects – and mortality for our population.

Ensuring that we are all immunised against diseases is important for our personal health management and in preventing both epidemics and severe levels of illnesses which could overwhelm the NHS. There is also a strong value for money element to vaccination as a health prevention mechanism. Evidence suggests, for example, the financial return on investment of the UK MMR programme was approximately 14:1.

Through the National Immunisation Framework, published in October 2022, we are applying lessons learned from the pandemic and informing decisions on deploying all vaccination programmes. Through making vaccination more accessible and acceptable, our aim is to make sure that we maximise uptake and ensure equality.

Fundamental to this aim are patient centred services to improve health and well-being and protection from preventable harm for the current and future generations in Wales.

We are now implementing the National Immunisation Framework and the NHS Executive will have a key role to play in this going forward. A whole system approach is needed to engage in a culture of improvement. In line with the principles of prudent healthcare, it is essential to promote systematic efforts to reduce inappropriate variation, by using evidence-based practices consistently and transparently.

Service efficiencies are also an important element the new Framework and our approach to vaccination. We have seen this with the introduction of co-administration of the autumn COVID-19 booster and flu vaccination this winter. We will continue to look for opportunities like this across our vaccination programmes.

Health board accountability will remain unchanged, with boards assessing local need, commissioning, performance managing and evaluating provision in line with the national strategic direction. Our intention is to support that process, enable improvements and maximise uptake across all immunisation programmes.

**6. Please outline how your priorities for mental health and well-being are reflected in the draft budget across Welsh Government portfolios and MEGs, and how the impact of the allocations will be assessed to ensure they are achieving the intended outcomes. Please also provide details of:**

- **Any reductions or increases relating to specific mental health allocations compared to previous years (e.g., grants being reduced or increased, or being introduced or removed).**
- **Allocations in the draft budget relating to mental health services; children and young people's mental health and well-being; dementia; autism and neurodiversity; and implementing 'Healthy Weight, Healthy Wales'.**

### **Mental Health**

We will continue to prioritise mental health and well-being, demonstrated by the fact that despite ongoing budget pressures, we have prioritised the protection of the mental health and well-being aspects of the budget.

We will prioritise the implementation of the mental health workforce plan, which includes NHS, local authorities and the voluntary sector. The development of this long-term plan for the mental health workforce is a key action in our Together for Mental Health Delivery Plan to support service improvements and to ensure a stable and sustainable mental health workforce.

Within the NHS Planning Framework 2023-2026, mental health and CAMHS has been defined as one of the ministerial priorities and this will enable a vehicle for us to assess the impact of allocations.

Modelling undertaken to inform the preparation for the Welsh Government published in March 2022, suggested a potential increase of between 20 to 40 per cent in primary care mental health services and 20 to 25 per cent in secondary services (based on NHS benchmarking and published data). This evidence allowed us to secure additional resources to support mental health and well-being with £50million in 2022 to 23, £75million in 2023-24 and rising to £90million in 2024 to 25.

Within 2022-23 the £50million has included around £25million to directly support mental health services, with the remainder of funding being utilised to support key areas which impact on mental health including substance misuse issues, employability and prevention. This enabled us to ensure we both supported the recovery of services but that we retained flexibility to support the service developments identified with the Together for Mental Health Delivery Plan 2019- 2022.

### **Mental Well-being**

Improving the mental well-being of Wales is at the heart of everything we do, thanks to our ground-breaking Well-being of Future Generations Act and is included within Connected Communities, our strategy for tackling loneliness and social isolation, and our mental health strategy, Together for Mental Health.

Our new national milestone aims to improve adult and children's mean mental well-being and eliminate the gap in mean mental well-being between the most and least deprived areas in Wales. To achieve this, we will identify and understand interventions that help people feel resilient and part of a community and look at evidence to support these and other interventions. We will recognise what is already happening across Wales and determine where there are gaps, and we will bring this all together with tangible actions in the mental well-being section of the new mental health strategy for Wales.

### **Substance Misuse**

Substance misuse is a major health issue which affects individuals, families and communities.

Tackling substance misuse, and the stigma associated with it, continues to be a priority for the Welsh Government.

We currently invest almost £64million in our substance misuse agenda, of which over £36million goes to our Area Planning Boards through our Substance Misuse Action Fund. These allocations increased by £11million from £25million to £36million in 2022-23 as part of the Budget.

This includes:

- £3million to support ongoing alternative Opioid Substitution Therapy (Buprenorphine) for at-risk ex-heroin users.
- £4million to help address waiting times, implement recommendations within the Alcohol-Related Brain Damage Framework and support service improvements including developing trauma informed services.
- An increase of £1million to the residential rehabilitation ring-fenced allocation to support the rise in demand for these services since the onset of the pandemic.
- An increase of £1million to the ring-fenced children and young people's allocation to £3.75million. In addition, we have committed to increase this amount to £5.25million and £6.25million in 2023-24 and 2024-25 respectively.
- £2million to support services for people with housing and complex needs, including co-occurring mental health and substance misuse. We know the pandemic has disproportionately affected those with the most complex needs and vulnerabilities. This funding will also increase over the coming two years to a total of £4.5million in 2024-25.

We are currently considering the successor to the current Substance Misuse Delivery Plan 2019-22, which will be developed in the coming year. Early engagement on this has already commenced with key stakeholders. This will also include the development of a Substance Misuse Outcomes Framework to ensure we are measuring the impact on intended outcomes.

### **Neurological services**

We continue to prioritise improvements in neurodevelopmental services, on 6 July we announced an additional £12million funding over three years up to March 2025, £4.5million is available in 2023-24 to deliver an improvement programme taking a whole systems approach focussing on early intervention, family support and sustainable assessment and support services. We will separately continue to support and develop the successful Integrated Autism Service and the National Autism Team which is supporting delivery of our improvement aims.

### **Healthy Weight: Healthy Wales**

The delivery of Healthy Weight: Healthy Wales is being supported in 2022-24 by an allocation of £6.6million per annum. Across this period, children, young people, and adults will be supported in achieving and maintaining a healthy weight through a range of evidence-based programmes which have been developed with evaluation built in to monitor success.

### **School Health Research Network (SHRN) Student Health and Well-being survey**

The SHRN Student Health and Well-being Survey, which takes place every two years, provides high quality data on the health and well-being of young people aged 11–16 in Wales. More than 120,000 students took part in the survey in 2021/22. A feasibility study is currently also being undertaken on extending SHRN and the associated survey to the primary school sector.

### **Budget**

Earlier this year, the Minister for Education and Welsh Language and Deputy Minister for Mental Health and Well-being agreed to jointly make available:

- £433,019 in the 2022-23 financial year and £257,210 in the 2023-24 financial year for work on the SHRN Student Health and Well-being Survey in secondary schools.
- £438,982 in the 2022-23 financial year and £455,370 in the 2023-24 financial year for completion of a feasibility study on extending SHRN and the associated Student Health and Well-being Survey to primary schools.
- The budget is split between BEL 0231 Health Improvement & Healthy Working and the Whole Schools Approach programme within BEL 0270 Mental Health.

## **Value of SHRN**

The high-quality data gathered is being put to a number of uses:

- to monitor a range of health and well-being indicators (e.g., mental well-being, healthy lifestyles), used not only by Welsh Government but schools, local authorities and a range of partners such as Estyn, as well as for international comparisons.
- for schools to plan and monitor their own health and well-being policies and activities, particularly important in light of curriculum changes in Wales.
- to inform the evaluation of Welsh Government priorities, such as the Whole School Approach to Emotional and Mental Well-being.

A data infrastructure facilitates data linkage studies and assists with attracting research funding to Wales (e.g., the Wolfson bid had a theme designed around SHRN). Investment has allowed us to expand the reach of study, with the large sample size allowing further analysis of protected characteristics, something not possible with many existing data sets of this nature. The ability to extend this work to the primary school sector is helping to tackle a longstanding evidence gap. Working across policy areas in a joined-up way is seen as being particularly important, given the important role school plays in the health and well-being of young people.

## **Social Prescribing**

We are committed to developing and introducing a national framework for social prescribing which delivers a vision of social prescribing in Wales that is of a consistent, high-quality standard across the country. A quarter of a million pounds has been committed for 2023-24 and 2024-25 to assist the delivery of a work programme supporting the implementation of a national framework for social prescribing. How will the draft budget allocations mitigate the public health impact of the rising costs of living, including the impact on the physical and mental health and well-being of people in Wales, unpaid carers and the health and social care workforce.

The Welsh Government recognise the impact of the cost-of-living crisis on the health and well-being of the population, and we are doing everything we can to support people through this cost-of-living crisis by providing targeted help to those who need it the most and through programmes and schemes which put money back in people's pockets. In this financial year, this is worth some £1.6bn across the totality of the Welsh Government budget.

The draft budget allocations will continue to offer support to those in the most need, through a variety of gross government programmes and schemes. For example, we will continue to offer Healthy Start vouchers to provide extra support to purchase healthy fruit and vegetables during pregnancy and for parents of young children. We will also continue to invest in our whole system approach to improve mental well-being in schools and easy to access mental health support, for instance our CALL helpline and online therapy.

Cabinet have agreed in the draft budget to maintain funding for the Discretionary Assistance Fund at current levels for the next two financial years (£38.5million), providing an additional £18.8million per annum on to the baseline budget. The Minister for Social Justice is exploring policy options regarding the current flexibilities and the operation of the new contract beginning

in April 2023 and will make an announcement when plans are finalised. Partners report this fund is an essential lifeline, particularly during the cost-of-living crisis. Since April 2022 it has provided nearly £20million of support to our most financially vulnerable, which includes support for off-grid fuel payments.

There will continue to be collective efforts to put money back into people's pockets, through programmes like the free childcare offer, universal free school meals as well as maintaining existing support, such as free prescriptions.

We recognise the impact being out of work can have on the well-being of the workforce, and our draft budget will enable us to provide continued In-Work Support until March 2025 that builds upon the current European funded In-Work Support Service to expand the support from its current delivery in North and Southwest Wales to all of Wales from April 2023. This will enable a greater number of people who are absent from work, or at risk of becoming absent due to their physical or mental ill-health, to receive free occupational health support to remain in work.

We are also providing continued employability support for people who are recovering from mental ill-health and/or substance misuse and who are out of work. This peer mentoring support is being provided until March 2025 and will help the most marginalised people furthest from the labour market into sustainable employment, raise household income and provide a route out of poverty bringing security to individuals, families and communities.

The draft budget provides for the continuation of our successful Carers Support Fund. Established in 2020, the fund aims to mitigate the financial impact of the rising cost of living on unpaid carers via direct grants and the development of local support services. The fund has proven successful in reducing immediate financial hardship whilst also linking more unpaid carers to ongoing support. Since its launch it has benefitted over 10,000 unpaid carers. In 2021- 22, 33 per cent of beneficiaries were previously unknown to services. In some areas this figure was as high as 70 per cent. Therefore, via this scheme, more unpaid carers are accessing preventative support to improve their mental health and well-being.

### **Real Living Wage**

Introducing the Real Living Wage for social care workers has been a priority for the Welsh Government and a key commitment in our programme for government to build an economy based on the principles of fair work, sustainability and the industries and services of the future. Delivering improved pay through the uplift of the Real Living Wage included in our draft budget will help to address low pay associated with the sector, support the cost-of-living crisis and increase the attractiveness of social care work. The Real Living Wage makes a difference to lives and livelihoods and it is the difference that ensures work pays and living costs can be met.

The urgency of the recruitment and retention crisis in the social care sector will also have a major impact on other key priorities across health and social care. Social Care workers play a key role in supporting the vision of A Healthier Wales that everyone in Wales should have longer healthier and happier lives, able to remain active and independent, in their own homes, for as long as possible. The Real Living Wage uplift will provide some assurances around the loss of workers from the sector and will support the wider agenda in increased burdens on unpaid carers, tacking delayed transfers of care from hospital, reduced hospital admissions, a reduction in the number of people who are able to receive care at home and increased pressure on care homes.

### **Innovating for improvement**

**7. Please outline how the Draft Budget will support the development of a 'whole system approach', with greater integration of health and social care, as described in A**

**Healthier Wales. In particular, please explain how the Draft Budget balances the need to meet existing service pressures with the need to transform services and develop new models of care.**

Significant funds have been provided through Regional Partnership Boards (RPBs) to support Health and Social Care partners to work closer together and develop six national models of integrated care that will offer preventative, seamless services for people in the community.

These resources include the five year Regional Integration Fund, providing £144.6million a year of revenue funds to support transformation and the newly established £50million Integration and Rebalancing Capital Fund which is directly supporting the Government's ambition to establish 50 integrated health and care hubs across Wales.

The Regional Integration Fund will establish six national models of integrated care, all of which are designed to take an integrated, whole system approach with a key focus on prevention. However, three of the models are specifically and directly working to create community capacity that is essential to addressing our system pressures. These are:

- **Preventative community co-ordination:** Supporting activity like social prescribing and helping people connect with support service local to them.
- **Complex care closer to home:** Helping people to stay well at home and prevent the need for hospital admission
- **Home from hospital:** Helping people to move from hospital back closer to home, into their community safely and swiftly with the aim of preventing the detrimental deconditioning that occurs with unnecessary extended stays in hospital

RPBs have bolstered the projects directly contributing to building community capacity in readiness to support the winter pressures, providing an additional >360 step down beds to date.

The remaining three models of care which will also play a role in reducing pressures on statutory services focus on:

- Promoting good emotional health and well-being.
- Helping families to stay together and therapeutic support for children who are looked after.
- Accommodation based solutions.

**8. How will service transformation and integration be supported in the longer term to achieve sustained progress on the transformation agenda, ensure a focus on rolling out and mainstreaming the learning from successful pilots, and avoid reliance on continued additional funding. How will the Regional Innovation Fund be deployed and what measurable outcomes is Welsh Government expecting?**

The Health and Social Care Regional Integration Fund (the RIF) builds on the learning and progress made under the previous Integrated Care Fund (ICF) and Transformation Fund (TF) and will seek to create sustainable system change through the integration of health and social care services. The main aim of the RIF is to establish and mainstream at six new national models of integrated care. Following on from the investment made and testing conducted by the ICF and the TF these six models of care are in various degrees of development, with some project activity now at the stage of being ready for mainstreaming with others still in early stages of development.

An outcomes framework has been developed for the RIF. This presents two high- level specific person-centred intended outcomes as well as a suite of indicators and measures for each Model of Care. The outcomes framework provides examples of what is expected from the

national models of integrated care. Results Based Accountability (RBA) is being used to measure progress, and to understand and report the role that the national models of integrated care have played in supporting people (i.e., whether they have worked, what has been changed, and what has been learned). This reporting methodology also captures people's experiences of the national models of integrated care, to show what worked, for whom, and in which contexts/circumstances. This will provide a richer understanding of the impact and benefits of an outcome in improving people's well-being needs.

It is expected that there will be consistency in the use of valid tools (measures) for the funded national models of integrated care and support services. This will include tools that indicate/measure distance travelled by individuals as a result of the support they have received. Regions have been encouraged to use standardised tools such as *Most Significant Change*, Outcome Stars, and measures such as the Warwick Edinburgh Mental Well-being Scale (WEMWBS) and the EQ-5D. The aim of providing both the outcomes framework and a robust monitoring and reporting process to ensure consistency and comparability which was a challenge for both the ICF and TF evaluators.

In addition, the RIF is a five-year fund that has long term sustainability at its heart by the way of match funding. Currently, partner match funding is expected from year one with 10 per cent expected for accelerating change and 30 per cent for embedding models.

Alongside long-term funding, this tapered support is a key feature of the RIF. Its purpose is to ensure national models of care are embedded and mainstreamed into core service delivery by attracting support from the core budgets of statutory organisations. However, we recognise that the financial landscape has shifted since the launch of the RIF and we may need to review our ambitions on this in the short to medium term future.

RIF has helped to contribute to the 500 additional community care beds or equivalent, which will help delayed transfer of care this winter.

**9. Please provide an assessment of the revenue and capital costs of delivering the Welsh Government's vision for digital and data, as described in A Healthier Wales, and including increased support for digital and virtual care. This should also include details of spending on digital which has been funded through the Regional Innovation Fund\*, and details of the proportion of spending through the RIF that has been spent on digital and data. (\*Please note, RIF is Regional Integration Fund).**

The Digital Priorities Investment Fund (DPIF) budget for 2023-24 is £45million Revenue and £20million Capital. This will deliver Digital Transformation within Health and Social Care sectors, as originally outlined in A Healthier Wales and re-validated in the refresh Digital Health and Social Care Strategy.

DPIF is targeted with supporting the transformation of health and social care in Wales. It does so by providing strategic funding for digital projects and programmes in health and social care which create benefits for citizens and professionals. These projects and programmes include strategic priorities such as:

- the Digital Services for Public and Patients (DSPP, developing the NHS Wales App),
- the National Data Repository (NDR, the centralisation of patient records to make this data accessible across systems and across health board boundaries),
- the Welsh Community Care Information System (WCCIS, the sharing of health and social care records seamlessly between health boards and local authorities) and;
- the Digital Medicines Transformation Portfolio (DMTP, the digitisation of the prescriptions and medicines journey across Wales, previously referred to as

ePrescribing).

In 2023-24, DPIF already has commitments of around £31million of the £45million revenue budget. We will be approving further proposals from NHS and Social Care organisations in the next few months. These all contribute to the PfG commitment of “Invest in and roll-out new technology that supports fast and effective advice and treatments.

As part of our working process, with Digital Directors in the NHS, we challenge proposals to ensure that each one delivers value to patients and professionals quickly, commensurate with the investment they are seeking. We have ring-fenced money within DPIF for the Digital Medicines Transformation Portfolio, a PfG commitment (“Introduce e-prescribing and support developments that enable accurate detection of disease through artificial intelligence”). To ensure that this continues with the pace demonstrated to date, £8.7million has been committed recurrently for 2023-24 for Digital Medicines, with a further £4.3million ringfenced for proposals expected in the coming months. We also intend to ring- fence money within DPIF for artificial intelligence proposals to allow these to be funded. We are currently working with stakeholders in the NHS and Social Care to determine the type of proposals we can expect and how they would address this part of the commitment.

There is a clear recognition that technology has an increasing role to play in helping people to self-care, stay well and live independently. This became increasingly evident during the Covid 19 pandemic which forced individuals, communities and service providers to think differently about how they supported people’s individual well-being. Our aim is that by the end of the five-year Regional Integration Fund we will have established and mainstreamed at least six new national models of integrated care so that citizens of Wales, wherever they live, can be assured of an effective and seamless service experience in relation to:

- Community based care – prevention and community coordination
- Community based care – complex care closer to home
- Promoting good emotional health and well-being
- Supporting families to stay together safely, and therapeutic support for care experienced children
- Home from hospital services
- Accommodation based solutions

To effectively deliver these national models of care, Regional Partnership Boards were asked to consider and make good use of several key enabling tools, one of which was technology and digital solutions, with examples including:

- Self-care apps
- Digital reporting solutions
- Home technology and SMART homesVirtual information, advice and consultation

Given that digital systems are built in as an integral part of the delivery of these six models of care, we do not hold specific financial breakdown on the level of investment in technology and digital solutions.

### **Health and social care workforce**

**10. Please explain how the Draft Budget will contribute to the delivery of a sustainable health and social care workforce and will reduce and control spend on agency**

## **staff.**

Workforce issues will continue to be a significant concern going forwards. Continuing recruitment of fully trained registered professionals and healthcare workers will be very challenging in the aftermath of several years of focus on Covid 19 and in a competitive employment market, with skills shortages and global workforce challenges for the health and social sectors.

We are providing a sustainable solution to Welsh NHS staffing by investing in the training of people for the future. In 2023-24 we are making our highest ever financial investment in workforce training, but we must also focus on ways to deploy our existing and future workforce more effectively. There are no quick fixes, however we must look at all innovative approaches to change not only our ways of working but also our ways of thinking. One area of particular focus will be the use of agency workers and actions that can be used to reduce spend in this area.

We are very concerned about the level of agency and locum expenditure and will be working with the relevant organisations to focus on managing this expenditure whilst working closely with trade unions. It is our aim for work to be carried out quickly to clearly understand the current position, reducing expenditure and reliance on agency and locum staff as soon as possible, and to ensure we are in a better position going forward. Through a national framework we will consider limits and targets for agency and locum deployment and expenditure, underpinned by standard operating systems. Real Living Wage

Rising living costs and pay disparity in the social care sector mean that pay and conditions are accepted as significant factors in recruitment and retention within domiciliary care and care homes. The pandemic has placed even more pressure on this already struggling sector and has reinforced the importance of having a workforce strategy that crosses both health and social care. Provision of the Real Living Wage uplift will have a longer-term beneficial effect on sufficient care being delivered and could ease the pressure across the health and social care system.

## **Workforce and Sustainable Social Services Grant**

In recognition of the important role that local authorities play in delivering core social services, the Welsh Government has provided recurrent funding to the sector in the form of a Workforce and Sustainable Social Services grant. The criteria for the use of the grant have been broadly set. Local authorities have been able to use the funding to support increases to pay, but also for other interventions aimed at supporting the delivery of sustainable social care services to ensure that they were better placed to meet increased or unexpected demand. This grant has been issued annually to local authorities since 2019 and will be £45million for 2023-24.

To support the development of a qualified workforce we are providing over

£1.4million in 2023-24 to improve the financial package of support for the Social Work degree continuing the Bursary uplift for new students starting in 2022 and an uplift for existing students. In addition to this within the Social Care Reform Fund [£400,000 of] funding is being provided to continue to support the delivery of the Programme for Government commitments to Increase apprenticeships in social care and to recruit more Welsh speakers into social care.

Within the core SSID budgets funding was allocated to support the Social Care Fair Work Forum's work in improving terms and conditions for social care staff. This includes developmental work on a pay and progression framework for the sector; a framework for collective bargaining to be tested with the sector; as well as developing a campaign to increase

awareness of workforce rights amongst staff and securing a stronger voice for employees. Social Care Wales has also been funded across 2022 to 2025 to support the sector with innovation and across social care. This includes coaching support to build relationships, confidence, and skills in innovation and developing an approach to skills building to help embed innovation into practice. This will identify the skills people need, those they have, where they can access skills development and any gaps or further development needed.

SCW will continue to lead on the Joint HEIW and SCW Workforce Strategy for Health and Social Care was published in 2020. It is a ten year plan for the sector, with actions across seven themes which are: An engaged, healthy and motivated workforce; attraction and recruitment; seamless workforce models; building a digitally ready workforce; excellent education and learning; leadership and succession, and workforce supply and shape. The Social Care Wales workforce development grant programme (SCWWDP) is a large fund to help the social care sector workforce develop in Wales. The grant helps fund a range of work programmes, including learning, development and qualifications. Also, the WeCare.Wales campaign promotes a variety of roles available in social care through web based materials and television adverts. These web-based materials are used across the independent and public sector to support recruitment into care roles for example through careers fairs, work with employability partners such as Careers Wales, and other outreach activities. All this is aimed at promoting the profession and making it sustainable for the long term.

**11. What provision has been made in the draft budget to build and maintain the morale and physical and mental health and well-being of the health and social care workforce, including volunteers and unpaid carers, and how will you assess the impact of these measures.**

Unpaid carers consistently state that not being able to take a break from caring has a negative impact on their mental health and well-being. In response, we are investing £9million over three years to set up a short breaks scheme; £3.5million is allocated to the scheme in 2023-24. Following a competitive process, Carers Trust Wales (CTW) has been appointed as the national coordinating body and will work with Regional Partnership Boards and the third sector to develop locally based projects that provide unpaid carers with a choice of a short breaks tailored to meet their

individual need. CTW will also evaluate the impact of the scheme. A short break could be anything from the chance to learn a new skill, visit the gym, purchase garden furniture or take a trip away. The key aim is to provide unpaid carers with a chance to de-stress and take action to maintain their own health and well-being.

We also continue to fund Carers Wales to deliver the Carer Well-being and Empowerment project. Funded via the Sustainable Social Services third sector grant scheme, the purpose of the project is to inform, support and empower unpaid carers to manage their caring role whilst looking after their own health and well-being.

Carers Wales supports unpaid carers to look after their own well-being, do what matters to them and make the most of their lives.

One million pounds is allocated to health boards to support unpaid carers when the person they care for is admitted to or discharged from hospital. Evidence from local health boards and their carer partnerships regarding how the allocation was utilised in 2021-22, show examples of activity already underway to improve communications with unpaid carers in the hospital setting, and engage them in the discharge process.

In terms of mental health and well-being support for health & social care staff, we will continue to support the Canopi service which has been contracted by Welsh Government for three years up to 31 March 2025 at £1.5million per annum.

Canopi offers access to free, non-emergency, confidential, mental health and well-being support

to all NHS and Social Care staff working in Wales.

Canopi aims to:

- deliver sustainable, high quality, multi-tiered psychological and mental health support to the NHS and social care workforce in Wales.
- build and increase collaboration with organisations across social and health care.
- contribute to the positive promotion of mental health.
- work alongside and complement existing mental health and well-being support services.
- enable disclosure for those who feel unable to access employer-based services.

Canopi was formally launched on 26 May 2022 (the predecessor service being Health for Health Professionals Wales). Since its launch, Canopi has seen a continual trend towards growth and increased sector awareness in both health and social care staff and have supported 1,500 clients from both sectors. Canopi will continue to co-produce the service with people with lived experience, reflect prudent care principles and adopt a continual service improvement approach. The developing needs of the workforce will be regularly reviewed, assessed, and addressed through strategic collaboration, data analysis and feedback.

### **Health inequalities and inequities**

- 12. Please outline how the Draft Budget will contribute to the reduction of health inequalities, this should detail how the Draft Budget will ensure that the most disadvantaged are prioritised, and that there is fair access to health and care services in rural areas. The Committee would also welcome information about how the Draft Budget will target inequalities which have been exacerbated by the pandemic, or those resulting from a disproportionate impact of the pandemic on the health or well-being of particular groups (such as older adults, people from black and ethnic minority communities, or people on low incomes or who are otherwise financially insecure).**

We aim to improve mental health and well-being by reducing inequalities through a focus on strengthening protective factors. There is a specific focus on this approach as part of the current Together for Mental Health Delivery Plan for Wales. This was a particular focus when we refreshed the plan in October 2020 as we strengthened those areas that are protective for good mental health. This is underpinned by a range of commitments being taken forward across different Welsh Government departments, such as improved access to financial inclusion and advice services and programmes that support people with mental health conditions into employment or to remain in work. This work is monitored through the Welsh Government's Mental Health and Substance Misuse Programme Board. Membership of the Programme Board includes officials from relevant Welsh Government Departments.

The attainment of the Well-being Goals of the Well-being of Future Generations (Wales) Act 2015 is a key driver in all our policy decisions. Given, this includes A Healthier Wales and A More Equal Wales, action on health inequalities is mainstreamed across the breadth of Welsh Government activity and budget allocations. Our health in all policies approach (supported by the Health Impact Assessment process) and our integrated approach to setting budget allocations, means it is not possible to quantify exact figures from the totality of budget allocations which are solely related to reducing health inequalities.

However, specific examples of government spending which contribute significantly to tackling health inequalities include our Flying Start programme and our work to address two of the biggest causes of health inequalities in Wales: obesity and smoking. Over the course of the

pandemic, smoking and obesity were identified as key risk factors which contributed to poorer outcomes for people who contracted COVID-19. Given smoking and obesity rates are generally higher amongst certain groups of people (including those living in the most deprived areas and those from some ethnic minority backgrounds), we know these risk factors played a key role in exacerbating health inequalities over the course of the pandemic. On obesity, our Healthy Weight: Healthy Wales 2022-24 Delivery Plan features action to reduce diet and health inequalities across the population at its core. On smoking, our Tobacco Control Strategy and our first two-year delivery plan for 2022-24 features tackling inequality as one of the strategy's core themes.

Turning to core allocations made to local health boards, ministers expect action on health inequalities to be at the core of all of the NHS's work. In this regard, the NHS Planning Framework issued to local health boards confirms that action on health inequalities should be a golden thread throughout Integrated Medium-Term Plans. For this reason, similarly to the Welsh Government, it is not possible to distinguish specific aspects of health boards' core funding allocations which are directed solely to addressing health inequalities. Nevertheless, specific examples of programmes of work involving health boards which contribute to efforts to address health inequalities include the recent designation of the Gwent Public Service Board area as a Marmot Region, and also the Well North Wales project.

### **Delivering a post-pandemic reset**

**13. Please explain how the pandemic has influenced allocations to budget lines within the Health and Social Services MEG and provide examples of any changes made to allocations as a result of COVID-19. In answering this question, please address:**

- **The assumptions underpinning allocations made as a result of the pandemic, including how you will ensure there are sufficient contingency funds in place should the situation escalate from Covid Stable to Covid Urgent.**
- **Allocations that have been made to support additional service capacity or additional staff resource as the response to the pandemic continues, including primary, community and hospital services, social care, public health, and the vaccine programme.**
- **Allocations for mental health support services for the health and social care workforce.**
- **Allocations that have been made to ensure the maintenance of an adequate and appropriate supply of PPE.**

Our assumptions in the budget allocation for the continued support for Covid are based on a Covid Stable scenario, that is, we expect to encounter additional waves of infection and expect new variants to emerge, and some may become dominant. But these waves will not put unsustainable pressure on the health and social care system. Vaccines and other pharmaceutical interventions are expected to remain effective in preventing serious illness, in the vast majority of cases. We consider this the most likely scenario, but on-going surveillance will be important to aid our policy and planning not only for Covid but for future pandemics.

Our funding will support a Covid Stable scenario and provide the basis to enable us to plan and step up in a Covid Urgent scenario. New variants could emerge that have a high level of vaccine escape or other mutations that put large numbers of people at risk of severe illness, as seen during the alpha wave in December 2020. The funding does not cover the implementation and potential scale up of activity that may be required in a Covid Urgent scenario.

The main programme areas the funding will support include:

- Test and trace
- Surveillance
- Vaccination programme
- PPE provision to the NHS and social care

The planned funding also provides additional capacity within the health protection system to support screening for asylum seekers, communicable disease outbreaks and winter planning.

During 2022-23, we have scaled back elements of our Covid response in line with the removal of legal restrictions at the end of May, and have rolled out a successful vaccination programme resulting in less harm and serious illness. We have significantly reduced our testing and tracing activity and, with fewer outbreaks, seen a reduction in demand for PPE. Our funding for 2023-24 will provide additional service capacity within health and care in the key areas listed, as we transition to longer term sustainable arrangements.

Our plans for 2023-24 enable us to maintain a health protection system that manages Covid stability for the future. This will include maintaining a base level of infrastructure in order to be able to flex upward, should the need arise. This funding will be kept under review as we work through the ongoing implications of the status and level of Covid infections, other threats and hazards and ensure we are prepared for future pandemics. This will build on the learning, investments and capability we have developed in our response to the Covid pandemic including the NHS Wales laboratories testing facilities, tracing systems and genomics.

We have also invested in our own approach on surveillance, statistical modelling and early warning. This will help us to identify any future threats including changes in Covid variants. This all strengthens our emergency response to future threats and maintaining the level of countermeasures needed, including PPE and medicines, in order to respond effectively when needed.

We have also invested recurrently in new, specific programmes, that were put in place as a result of the Covid pandemic, for example:

- Long Covid Adferiad (Recovery) Programme
- Continuation of online STI testing – started during the pandemic to support the existing service.
- R&D Covid evidence centre

One of our key investments has been the Covid vaccination programme that will continue into 2023-24, with funding set aside to support delivery. As referenced earlier in this response, this is now our key preventative measure that has had the most impact in reducing the spread of Covid and the severity of symptoms when individuals get the virus. Following publication of [The National Immunisation Framework for Wales](#), the focus now is on implementation of the priorities and new ways of working it describes. With a transition towards a more sustainable, business-as-usual footing, all vaccination programmes are integrated and the lessons from our pandemic experience are learned and applied across our vaccination programmes.

Service efficiencies are an important element in the new Framework and our approach to vaccination. We have seen this with the greater focus on co-administration of the autumn COVID-19 booster and flu vaccination this winter. We will continue to look for opportunities like this across our vaccination programmes.

As described above (p.34), addressing the mental health and well-being support for health and social care staff will continue to be supported by the Canopi service, which has been contracted by Welsh Government for three years up to 31 March 2025 at £1.5million per annum.

We have set this budget based on Covid stable and will continue to maximise every pound of funding to support core front line services as they continue to recover. Our ability to flex and respond if Covid response costs are rising is limited within the HSS MEG and if we have to move to a higher level response, the contingency measures will require a whole Government effort.

**14. What allocations are included in the draft budget for tackling the waiting times backlog. In your answer, please explain what assessment has been made of the impact and outcomes of resources allocated during 2022-23, and how allocations in the 2023-24 draft budget will be targeted.**

We have allocated £170million this year to health boards in Wales to address the planned care backlog. This money is recurrent for the NHS and will be utilised to support the delivery of the transforming planned care recovery and transformation programme launched in April 2022. The Minister has been clear that it will take the whole Senedd term for the NHS to recover from the pandemic.

**The additional £170million investment**

The monies were put into the system in advance of the programme launch in April 2022. As such, organisations made individual choices as opposed to being led by the strategic direction we now follow. This has meant opportunities such as regional working were being missed, however some regional opportunities are now being developed, such as regional diagnostics.

Organisations focused the resources largely in the following areas:

- Maximizing internal capacity
- Bringing infrastructure on site – e.g., operating theatres
- Additional capacity with private sector
- Diagnostics
- Improvements in urgent care pathways to reduce the possibility of cancellations

Key headlines from the specialty data summary received by the FDU include:

- Ophthalmology £18million, activity 39,945
- Orthopaedics £13million, activity 18,519
- Planned Care / Various /Multiple specialities accounts for c. £42million
- Unscheduled Care/Urgent Care/Medicine £22million

We have seen added capacity in outpatients, but it has taken time for this data to come through, and it is not represented in every specialty.

**£15million planned care transformation fund**

To date there has been £3.4million of the planned care transformation fund been issued in Q1/Q2, with funding for Q3/Q4 being released in line with project reviews and delivering against

project milestones. Below are key areas of impact seen in the first six months, other areas are more long-term and transformational, with benefits not evident in the first six months.

### **Outpatient transformation projects**

Outpatient transformation projects are supporting the implementation of innovative approaches and initiatives that contribute towards sustainable transformation of outpatients. This includes working with primary care teams to look at the flow of referrals and identify what referrals needs to come through. Between April and August 2022 there has been a total reduction of referrals (18,802) across all health boards for the seven planned care speciality. This is against an overall increase in referral, rising above the same period in 2019 which was pre-covid. Evidence of significant reduction in referrals across all health boards in orthopaedics (down by over 18,800) and ENT (down by over 6,300) suggest that national work in these areas is showing an early impact.

### **Alternatives to follow-up**

Across Wales, from April 2022 to September 2022, 89,000 See On Symptom (SOS) & Patient Initiated Follow-Up (PIFU) pathways have commenced which is an alternative to the traditional, in-person follow-up appointment. It is anticipated that of the 89,000 pathways, 10 per cent may convert to requiring a follow-up appointment. However, the reduction in the number of follow up appointments needed (approximately 80,100) could provide additional capacity for new appointments. This is an area of priority for next year's plans.

### **Teledermoscopy**

Evidence from both Aneurin Bevan and Hywel Dda has shown that circa 50 per cent of the patients that have accessed the Teledermoscopy service have been discharged (compared to 25 per cent discharge previously). Specialists are able to undertake 24 digital reviews where previously they would do 12 in-person reviews during the same session. Health Boards with Telederm in place Swansea Bay, Aneurin Bevan and more recently Hywel Dda have zero or reducing numbers over 52 weeks at outpatients.

### **Validation**

A centrally operated validation company has been secured to support wide scale validation across three Health Boards: Betsi Cadwaladr, Cwm Taf Morgannwg and Swansea Bay. Evidence so far at Betsi Cadwaladr indicates an 18 per cent removal rate, based on 7,786 admin validation and 6,386 telephone validation. By the end of December 2022, 41,594 will have been validated at Betsi Cadwaladr, 39,228 at Cwm Taf Morgannwg, 31,900 at Hywel Dda and 30,582 at Swansea Bay.

### **Moving forward**

The funding has been allocated on a recurrent basis. Health boards, as part of their plans, are continuing to look to maximise elective activity whilst balancing the demands of urgent and emergency care. Health boards continue to explore opportunities to outsource patients and to insource activity.

### **Social care**

**15. Please outline the planned allocation for social care, including:**

- **Any additional funding identified for 2023-24, and how such funding will be**

**targeted.**

- **How the allocations will ensure the ongoing viability and stability of social care services, including residential and domiciliary care.**
- **What support the draft budget will provide for unpaid carers, including evidence of specific spend on respite care and financial support for carers.**
- **Measures in the draft budget that will improve the sustainability of the social care workforce.**
- **How the draft budget will help the social care sector to respond to rising costs of living, including rising energy costs. In your answer, please provide evidence of specific spend to support domiciliary care workers, and unpaid carers and disabled people, and their families.**

The Social Care Reform Fund was introduced in April 2022 to support activity to promote reform and improvement in social care, to complement the funding provided in the Local Government settlement.

The Social Care Reform Fund is used to support the reform of Social Care, to improve delivery and increase the sustainability of services across the social care sector. The funding will be used to help deliver the Programme for Government commitments to reform social care for looked after children and to protect, re-build and develop our services for vulnerable people. Our Programme for Government contains a number of commitments that set out our vision for children's services in Wales. Our ambition is for whole system change and, at its heart, we want to see more children and young people being enabled to live with their families and in their home neighbourhoods with many fewer needing to enter care. We also want to ensure the period that young people are in care is as short as possible.

We are committed to keeping families together. Our vision is to redesign how we look after children and young people so we can do the best for our young people, their families, and communities by providing services that are locally based, locally designed and locally accountable. It is about putting in place the right type of care for each child: reforming and joining up services for looked after children and care leavers, providing additional specialist support for children with complex needs and better supporting those who care for children.

The increase in the Social Care Reform Fund of £10million to £52million in 2023-24 and reallocation of the total available funding will be used to enhance the support provided to the Programme for Government Commitments to our vision for children's services in Wales. Funding has been awarded to Local Authorities to support proposals to deliver these commitments.

### **Eliminating profit from the care of looked after children**

The allocation in the Social Care Reform Fund for eliminating profit from the care of looked after children has increased from £10million in 2022-23 to £16million in 2023- 24.

Our Programme for Government contains a number of commitments that set out our vision for children's services in Wales. Our ambition is for whole system change and, at its heart, we want to see more children and young people being enabled to live with their families and in their home neighbourhoods with many fewer needing to enter care. We also want to ensure the period that young people are in care is as short as possible.

We are committed to keeping families together. Our vision is to redesign how we look after children and young people so we can do the best for our young people, their families, and communities by providing services that are locally based, locally designed and locally accountable. It is about putting in place the right type of care for each child: reforming and joining up services for looked after children and care leavers, providing additional specialist support for children with complex needs and better supporting those who care for children.

As part of the Co-operation Agreement between the Welsh Government and Plaid Cymru, there is a clear commitment to 'eliminate private profit from the care of children looked after' as a key component of this radical agenda.

Feedback from children and young people suggests they have strong feelings about being cared for by privately owned organisations that make a profit from their experience of being in care. The Welsh Government does not believe there should be a market for care for children, or that profits should be made from caring for children facing particular challenges in their lives and intends to bring forward legislation to end this. This means the future care of children that are looked after in Wales will be provided by public sector, charitable or not-for-profit organisations.

Our aim is to ensure that public money invested in the care of children looked after does not profit individuals or corporate entities, but instead is spent on children's services to deliver better experiences and outcomes for children and young people, addressing service development and improvement and further professional development for staff. We intend to focus, in the first instance, on children's residential care and foster care.

Over the remainder of this Senedd term we need to focus on working with care experienced children, local authorities and partners to increase public and not-for-profit provision so there is a strong foundation to make a transition to not-for-profit care that meets the needs and entitlements of children and young people

### **Radical Reform**

The allocation in the Social Care Reform Fund for radical reform of children's services has increase from £3million in 2022-23 to £10million in 2023-24.

We have committed through our Programme for Government to explore radical reform of current services for looked after children and care leavers in order to deliver a new vision and ambition for children's services, based on consistent practice, less risk averse behaviours and national restorative approaches adopted across Wales. Achieving this vision is not solely the responsibility of local authorities; it requires partnership working across public services and third sector organisations. The programme will deliver preventative interventions for families with children on the edge of care including parental advocacy services, family group conferencing, Family Justice reform and a national practice framework. It will also require greater intervention and support for local authorities who are not delivering on our ambition to substantially reduce the number of children in care and this has been the focus of recent ministerial visits to local authorities and will continue to be so for the remainder of these visits.

### **Real Living Wage**

The Draft Budget for 23-24 will include recurrent funding of around £70million in total, to raise the wages of social care workers, as part of our wider commitment to protect frontline public services. The uplift will apply to registered workers in care homes and domiciliary care (both adults and children's services) and registered domiciliary care workers in supported living settings. It will also be received by all personal assistants funded through a local authority direct payment.

Delivering improved pay through the Real Living Wage will help to address low pay associated with the sector and increase the attractiveness of social care work. This delivers not only improvements for social care workforce, but improved workforce retention and outcomes for people receiving care and support. While the uplift to the Real Living Wage alone will not address all challenges within Social Care, it will contribute to the sustainability and longer-term ambition to raise the profile of the sector as a professional place to work, enhance opportunities for individuals to progress their careers, and to help improve recruitment and retention. The Real Living Wage for Social Care workforce aims to integrate with the Social Care Fair Work Forum's recognition of low pay challenges in the sector. It also connects with policy objectives

in the Welsh Government Health and Social Services Group around the promotion of the health and well-being of people using services. It contributes to allow individuals to achieve positive outcomes and can positively impact workforce capacity and morale.

### **Social Worker Bursary**

Funding will be provided for additional financial support for student social worker bursaries to help students who started their courses in 2021-22 and in September 2022 to continue with their studies and help ensure that we have a sustainable supply of future social workers.

The enhanced financial support will be available for both undergraduate and postgraduate students in Wales via the Social Work Bursary. The increase to the bursary brings our funding for this programme to almost £10million over the next three years to assist with the training of future social workers. Of this £10million package of funding, the changes we are making total £3.5million across the three years. This represents a more than 50 per cent increase on the current bursary for both undergraduates and postgraduates.

Social workers carry out a vital role within our communities, supporting people to take charge of their own lives. They are at the core of our social care system and key to the delivery of effective care. The student Social Work bursary supports people with the right skills and attributes to be able to undertake social work training and aims to contribute to the growth of a sustainable social work workforce in Wales and is a contribution to the costs incurred by individuals training to be social workers.

### **Workforce and Sustainable Social Services grant (workforce grant)**

In recognition of the important role that local authorities play in delivering core social services, the Welsh Government has provided recurrent funding to the sector in the form of a Workforce and Sustainable Social Services grant. The criteria for the use of the grant have been broadly set. Local authorities have been able to use the funding to support increases to pay, but also for other interventions aimed at supporting the delivery of sustainable social care services to ensure that they were better placed to meet increased or unexpected demand. In practice, the funding has been used for a variety of measures from salary uplifts to actions aimed at supporting the delivery of services.

This grant has been issued annually to local authorities since 2019 and will £45million for 23-24.

In addition to the annual funding settlement for local authorities via the Revenue Support Grant to meet their statutory duties to provide support to unpaid carers, £3.5million is allocated to continue the Short Breaks Scheme which will increase opportunities for unpaid carers to take a break from their caring role.

The Carers Support Fund (£1.75million in 2023-24) will support unpaid carers to cope with the rising cost of living via the provision of grants to buy basic essential items, such as food, household and electronic items or access to counselling, financial advice, well-being and peer support.

### **Local health boards' financial performance**

**16. Please provide an update on the overall financial performance of health boards.**

**This should include:**

- **The projected end of year financial position for health boards, including identification of those that have continued to fail to meet their financial duties**

- **Those that have been in receipt of additional end of year and in-year financial support, the extent of that support and the planned duration.**
- **Details of how the Welsh Government will support and work with health boards to bring NHS Wales back into financial balance.**
- **Information about what provision is being made in response to rising energy costs.**

We were aware that 2022-23 would be a year of transition for the NHS financially as it moved away from a reliance on the significant levels of non-recurrent funding that had been provided during the two previous financial years to support the response to the Covid pandemic. The continued impact of the pandemic into 2022-23 meant that the cost of these responses would need to continue despite the ending of this non- recurrent financial support.

The draft budget for 2022-23 provided for an increase in recurrent NHS funding of

£824million, although this budget was set at a time when inflation rates were expected to plateau at around four per cent, and before the war in Ukraine created significant rises in energy prices. With this funding we were able to provide a core uplift of £180million at the beginning of the financial year to NHS organisations to meet core cost and demand growth. This was in addition to the £170million funding we had allocated to support the recovery of planned care. We also set aside funding to meet the costs of the NHS pay award, and to meet the costs of the national Covid response programmes, including the vaccination, testing and tracing programmes, and the provision of PPE to health and social care.

During the planning process for 2022-23, NHS organisations confirmed that ongoing costs from the pandemic as well as significant new inflationary costs would be much greater than the funding we were able to provide. To provide a consistent approach to the development and delivery of financial plan, Welsh Government confirmed that it would provide additional funding, when available, to meet these exceptional cost items. Even with this additional support, three health boards (Cardiff and Vale, Cwm Taf Morgannwg and Hywel Dda) were unable to present balanced financial plans for 2022-23.

During the course of the financial year, three more health boards (Aneurin Bevan, Betsi Cadwaladr and Powys) have reported a significant variation from their plans with in-year forecast deficits. The reasons for these deficits are largely due to the inability of organisations to deliver against their initial savings plans; high levels of variable pay particularly agency costs; the need to maintain unfunded bed capacity; and significant increases in the cost and demand for continuing healthcare. As a consequence, the forecast outturn for NHS Wales as at month eight is a deficit of £167million. All six health boards reporting a deficit will fail their statutory break-even target at the end of the financial year if an outturn deficit is confirmed.

Swansea Bay University Health Board, the three NHS Trusts and two Special Health Authorities are continuing to forecast a balanced financial outturn. In July, the Minister for Health and Social Services approved a recurrent allocation of £24.4million to Swansea Bay in recognition that they were significantly underfunded against the resource allocation formula compared to other boards, and in support of their integrated medium-term plan.

The deterioration in the NHS financial position is a reflection of the significant challenges that organisations are experiencing this year in managing significant levels of emergency care and inflationary pressures, but it is not a position that Welsh Government is prepared to support or underwrite. The three health boards that presented deficits in their financial plans have been placed in a higher level of escalation, and officials and the Finance Delivery Unit are now working closely with these organisations to develop a clear understanding of the reasons for their deterioration, and to develop a pipeline of opportunities to enable them to work towards

recovering financial stability. Whilst no formal action has yet been taken with the three health boards who have reported in-year deficits, officials and the Finance Delivery Unit are working closely with these organisations as well as they develop and implement financial recovery plans.

As outlined above, Welsh Government is providing funding in the current financial year to meet the exceptional costs of increased energy prices being experienced by NHS organisations.

### **Impact of the draft budget on particular groups and communities**

#### **17. How have you taken gender budgeting into account in this budget when preparing your expenditure plans.**

We aim to improve mental health and well-being by reducing inequalities through a focus on strengthening protective factors. There is a specific focus on this approach as part of the current Together for Mental Health Delivery Plan for Wales and where relevant has included gender specific actions, for instance perinatal mental health.

As we develop the successor to Together for Mental Health, Talk to me 2 strategies and substance misuse delivery plan we will be considering our priorities for our forthcoming work. This will include the development of an integrated impact assessment that will enable to consider the impacts across protected characteristics, including gender.

We will continue to work across government to ensure that we maximise the impact from supporting mental health across portfolios, ensuring that supporting and protecting mental health is a key factor in any investment decisions we consider.

We have introduced a Quality Statement on women's health and work is being undertaken by health boards to turn this into a comprehensive ten year action plan. A key part of this plan will be to ensure that we have better data to assess the gender divide when it comes to health and care.

#### **18. Please outline what assessment has been made of the impact of the draft budget allocations on particular groups or communities, including women and girls, black and ethnic minority communities, children and young people, and older people.**

As part of the modelling work undertaken for mental health, referenced in question six, we recognised the disproportionate impact that the pandemic has had on some groups, including people from Black, Asian and Minority Ethnic communities and for children and young people. This in turn has informed the budget allocation over the last couple of years and our policy responses. An example of which was the establishment of a task and finish group (chaired by the Wales Alliance for Mental Health) with the third sector and community organisations looking at ways to improve the access to and quality of support in mental health services for people from Black, Asian and Minority Ethnic communities. This work will inform our successor mental health strategy development outlined in question 18.

### **Real Living Wage**

The policy behind the uplift of the Real Living Wage was developed in partnership with stakeholders across the social care sector and informed by focussed surveys. A full integrated impact assessment was also undertaken which considered a number of areas including equality and children's rights. In addition, the Social Care Fair Work Forum was established to implement the Fair Work Commission's objectives across social care in Wales. As part of this work the Forum provided the advice to ministers on the roll-out of the Real Living Wage commitment where all groups and communities would have been considered.

The pandemic has revealed society's dependence on work that is disproportionately done by women as unpaid carers and as employees within care and social work.

Evidence shows the majority of social care workers are women aged over 40 who are not financially independent despite being in full time work. Delivering improved pay through the Real Living Wage will help to address low pay associated with the sector and increase the attractiveness of social care work. The uplift to the Real Living Wage fund has already had a positive impact on equalities as the uplift also applied to all groups working within social care including part time workers and ethnic minority groups. People with enduring health issues who are on sick leave, pregnant women (who may also have taken time off) and parents or guardians on maternity, paternity or adoption leave have also received the uplift if in eligible posts.

## Transformation Programme

Although not specific to any particular groups or communities, the Transformation Programme through A Healthier Wales continues to support transformational pilot projects across multiple disciplines aimed at short, sharp interventions that can be scaled up to a national level and integrated into mainstream services once the benefits of an improved service and/or financial efficiencies has been evidenced for the people of Wales.

A few examples of projects or roles funded by the Transformation Project that are specific to particular groups or communities are listed below:

- **Bloody Brilliant – (Girls, Young People)** – The Transformation Project aims to build upon the success of the Women's Health Implementation Group (WHIG) development of the Bloody Brilliant menstrual awareness resource, which empowers young people who have periods to open up the conversation around period health so young people do not have to suffer in silence. The Transformation Programme has committed to additional funding to re-survey (post covid) young people to see what they would like included next, e.g., period education and whether it is integrated into the Curriculum for Wales, Social Media content such as YouTube channels, TikTok and Snapchat presence. This funding will allow the Bloody Brilliant team to develop content around 'Who has a period' and work closely with the equality team to ensure correct gender identity inclusive language is used and recognise disabled and cultural challenges associated with periods.
- **Secondee into the Tropical Health & Education Trust (THET) – (Equity in healthcare)** – The *Experts in our Midst: recognising the contribution diaspora NHS staff make to global health* report published in 2021 examined the role diaspora health workers (defined in this context as NHS staff with heritage from low- and middle-income countries [LMICs]) play in healthcare in the UK and in LMIC health systems. Their contribution is significant, for example bringing experiences and cultural understanding to the NHS and returning financial and practical contributions to countries of heritage. The report also shows how these contributions are under-recognised and under-valued, with detrimental effects on individuals, the NHS, and health systems globally. The report's recommendations encourage THET, the NHS, Health Partnerships, and governments to better understand and support the power of diaspora health workers. For the NHS, THET argues that this is fundamental to developing an inclusive and anti-racist culture, in which all staff feel valued and a sense of belonging. Since its publication, the report has been gaining traction with key bodies including Health Education England and the Department of Health and Social Care. THET is now developing a 'diversity network' to create a multidisciplinary membership of NHS leaders, NHS equality and diversity champions, and Health Partnerships. The overall aim is that participating organisations better see and feel the benefits of valuing diaspora relationships with countries of heritage. The Transformation Programme has committed funding for a secondee from NHS Wales to

be embedded in the core group. They will build on THET's existing pilot 'Diversity Network', developing and implementing a diaspora engagement plan that delivers the organisation's broader objectives. They will focus on bringing maximum benefits to the NHS across the UK and to global health systems, and will lead interactions with existing and prospective Network members, including NHS trusts and boards, diaspora professional associations and Health Partnerships, and will convene and maintain a steering group of international experts to lead the work.

- **Maternity and Neonatal Safety Support Programme – (Women, Children and young people)** - There are a number of drivers for change including population health and demographic trends, the need for quality improvement, workforce pressures and emerging evidence from various reports and deep dives into the service. Specific reports and audits which indicate significant issues with the safety of Maternity and Neonatal Services in Wales include:

- ❖ The **RCOG: Review of Maternity Services at Cwm Taf Heath Board (January 2019)**

- ❖ **Healthcare Inspectorate Wales – National Review of the quality and safety of maternity services - Phase One Report**

- ❖ Three **Maternity and Neonatal Audit reports** have been published in October 2021 and all have recommendations to improve the safety for mothers and babies:

- 1) **National Perinatal Mortality Review Tool Report – Learning from Standardised Reviews When Babies Die** published 13 October 2021

- 2) **MBRRACE-UK Perinatal Mortality Surveillance Report UK Perinatal Deaths for Births from January to December 2019** published 14 October 2021

- 3) The **National Maternity and Perinatal audit** published 14 October 2021

The programme's key driver is to improve the safety, experience and outcomes of maternal and neonatal care and provide support to enable teams to deliver a high-quality healthcare experience for all pregnant people, babies and families across maternity and neonatal care settings in Wales.

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<sup>i</sup> Marmot M. Social determinants of health inequalities. Public Health (2005). 365:6

<sup>ii</sup> National Institute for Health and Care Excellence. Guidance PH55 Oral Health: local authorities and partners (2014) <https://www.nice.org.uk/guidance/ph55>

## Paper 01a - Annex A – Budget Expenditure Lines - Health and Social Services MEG

Details of the Budget Expenditure Lines for the Health and Social Services Main Expenditure Group can be found here:

[Supporting tables for ministers' written evidence to Senedd scrutiny committees](#)

# Paper 01b - Annex B – Commentary on each of the Actions within the Health and Social Services MEG

Health and Social Care Committee - Date: 11th January 2023

Commentary on each of the Actions within the Health and Social Services MEG, including an analysis and explanation of changes between the Draft Budget 2023-24 and the Final Budget 2022-23.

Action: Delivery of Core NHS Services					
Final Budget 2022 (2023-24) £m	Change £m	Draft Budget 2023-24 (2023-24) £m	Final Budget 2022 (2024-25) £m	Change £m	Draft Budget 2023-24 (2024-25) £m
9,468.565	141.673	9,610.238	9,668.565	146.224	9,814.789

This Action supports the main funding to the NHS in Wales as well funding to Public Health Wales, Digital Health & Care Wales and the NHS body Health Education & Improvement Wales.

## Explanation of Changes to Delivery of Core NHS Services Action

### New allocations for 23-24 and 24-25 (Recurrent)

- **£165.000m** - Draft Budget 23-24 and 24-25 additional funding Fiscal Resource;
- **£5.000m (23-24) and £9.000m (24-25)** - Draft Budget additional Non Fiscal Resource funding.

### Budget Prioritisation Exercise Reduction

- **(£12.722m)** – Draft Budget recurrent 23-24 and 24-25 reductions.

### Budget adjustments within HSS MEG for 23-24 and 24-25

- **(£15.605m) for 23-24 and (£15.054m) for 24-25** – recurrent technical adjustments Action to Action within HSS MEG, including 23-24 NHS allocation transfers and budget commitment realignments.

<b>Action: Delivery of Targeted NHS Services</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
89.472	(14.645)	74.827	86.361	(14.645)	71.716

This action supports other various health budgets including NHS Workforce, *A Healthier Wales* and other health budgets.

### **Explanation of Changes to Delivery of Targeted NHS Services Action**

#### **Budget Prioritisation Exercise Reduction**

- **(£8.500m)** – Draft Budget recurrent 23-24 and 24-25 reductions.

#### **Budget adjustments within HSS MEG for 23-24 and 24-25**

- **(£6.145m)** – recurrent technical adjustments Action to Action within HSS MEG, including 23-24 NHS allocation transfers and budget commitment realignments.

<b>Action: Support Education &amp; Training of the NHS Workforce</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
27.295	5.291	32.586	27.295	5.291	32.586

Education and training is fundamental to securing sustainable NHS services in the future. This action supports a range of activities undertaken in support of ensuring a sustainable workforce with the skills to address the demands on the service both now and in the future. The majority of the funding within this action covers the additional costs incurred by NHS UHB and Trusts in Wales for teaching (hosting) medical and dental students as part of their undergraduate studies. In addition, it supports the training of a number of postgraduate training places across Wales, including clinical academic posts. Funding within this action also support Consultants clinical excellence awards which are given for quality, excellence, and exceptional personal contributions.

### **Explanation of Changes to Support Education & Training of the NHS Workforce Action**

#### **Budget adjustments within HSS MEG for 23-24 and 24-25**

- **£5.291m** – recurrent technical adjustments Action to Action within HSS MEG, including 23-24 NHS allocation transfers and budget commitment realignments.

<b>Action: Support Mental Health Policies &amp; Legislation</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
113.212	(29.611)	83.601	128.212	(31.673)	96.539

This Action supports a variety of:

- Mental health policy development and delivery, including Child and Adolescent Mental Health Services (CAMHS), psychological therapies, suicide and self-harm prevention, perinatal mental health support and funding for third sector organisations through the section 64 mental health grant
- Mental health legislation, including the Mental Health (Wales) Measure 2010 and Deprivation of Liberty Safeguards (DOLs)
- The healthcare needs of vulnerable groups, (those defined as having protected characteristics) including asylum seekers and refugees, support for veterans, offender health care, sexual assault referral centres, gypsies and travellers and transgender individuals.

## Explanation of Changes to Support Mental Health Policies & Legislation Action

### Budget Prioritisation Exercise Reduction

- **(£1.000m)** – Draft Budget recurrent 23-24 and 24-25 reductions.

### Budget adjustments within HSS MEG for 23-24 and 24-25

- **(£28.611m) for 23-24 and (£30.673m) for 24-25** – recurrent technical adjustments Action to Action within HSS MEG, including 23-24 NHS allocation transfers and budget commitment realignments.

<b>Action: Substance Misuse Delivery Plan</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
28.585	19.400	47.985	28.585	21.400	49.985

The majority of substance misuse funding within this action is allocated to Area Planning Boards (APBs) via a funding formula to help them address the priorities outlined in our most recent Substance Misuse Delivery Plan 2019-22.

## Explanation of Changes to the Substance Misuse Delivery Plan Action Fund

### Budget adjustments within HSS MEG for 23-24 and 24-25

- **£19.400 for 23-24 and £21.400 for 24-25** – recurrent technical adjustments Action to Action within HSS MEG, including 23-24 budget commitment realignments.

<b>Action: Food Standards Agency</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
5.110	0	5.110	5.110	0	5.110

This Action provides funding for the Food Standards Agency (FSA) Wales.

This budget allocation is provided to meet the cost of the work priorities set out in FSAs broad 'FSA Wales Service Delivery Agreement'. The funding is provided on the basis that where there is a joint interest FSA Wales will assist the Welsh Government to take forward its priorities, including continued assistance in delivery and implementation of a statutory food hygiene rating scheme in Wales, as established by the Food Hygiene Rating (Wales) Act 2013.

Funding remains at the same level as in the Final Budget.

<b>Action: Public Health Programmes</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
18.796	2.380	21.176	15.796	1.829	20.625

This action funds a variety of public health programmes such as Organ & Tissue Transplantation, Immunisation, Payments to Public Health England who provides a number of specialist health protection services and some reference laboratory services to Wales, Healthy Start and NICE

### **Explanation of Changes to Public Health Programmes**

#### **Budget adjustments within HSS MEG for 23-24 and 24-25**

- **£2.380m for 23-24 and £1.829m for 24-25** – recurrent technical adjustments Action to Action within HSS MEG, including 23-24 NHS allocation transfers and budget commitment realignments.

<b>Action: Effective Health Emergency Preparedness Arrangements</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
6.007	0.040	6.047	6.007	0.040	6.047

This action enables Welsh Government to ensure that NHS Wales is fully prepared and resilient to deal with the full range of hazards and threats identified in National Risk Assessments. This includes the highest risk of influenza pandemic and managing the health consequences of a terrorist incident involving hazardous materials.

## Explanation of Changes to Effective Health Emergency Preparedness Arrangements

### Budget adjustments within HSS MEG for 23-24 and 24-25

- **£0.040** – recurrent technical adjustments Action to Action within HSS MEG (budget commitment realignment).

<b>Action: Citizen Voice Body</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
0.000	5.503	5.503	0.000	5.503	5.503

The Citizen Voice Body is a new, independent Body that will engage with people all over Wales to represent the interests of the public in respect of health services and social services. It will be at the heart of conversation with the Welsh public, working together with NHS bodies and local authorities, and alongside other public, independent and volunteer organisations to seek out and strengthen the voice of citizens within the health and social care landscape. The Citizen's Voice Body will also provide a complaints advocacy service to help people who need to make complaints about the Health or Social services they have received.

## Explanation of Changes to Citizen Voice Body

### Budget adjustments within HSS MEG for 23-24 and 24-25

- **£5.503m** – recurrent budget commitment realignments Action to Action within HSS MEG for the creation of a budget for the newly established Citizen Voice Body.

<b>Action: Develop &amp; Implement R&amp;D for Patient &amp; Public Benefit</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
42.545	4.000	46.545	42.545	4.000	46.545

This action supports the work of the Welsh Government's Division for Research and Development (R&D) which sits within the Department for Health and Social Services and leads on strategy, policy, commissioning, funding, contract management and governance of health and social care R&D in Wales.

Through its 'external brand', Health and Care Research Wales, the R&D Division provides an infrastructure to support and increase capacity in R&D, runs a range of responsive funding schemes and manages resources to promote, support and deliver research. It also participates in partnership and cross-funder activities where these bring advantages to Wales. It supports translational research with a particular focus on applied and public health research. This includes research into the prevention, detection and diagnosis of disease; the development and evaluation of interventions; and the provision, organisation and delivery of health and social care services. The Division also works to support the implementation of research findings into practice.

The Division has key relationships within Welsh Government with the Department for Economy, Science and Transport's Life Sciences and Innovation teams, the Chief Scientific Adviser for Wales and the Department for Education and Skills. The Division also works very closely with colleagues with similar roles in the other UK nations, the UK research councils, other research funders and the European Commission.

## **Explanation of Changes Develop & Implement R&D for Patient & Public Benefit Action**

### **Budget Prioritisation Exercise Reduction**

- **(£1.000m)** – Draft Budget recurrent 23-24 and 24-25 reductions.

### **Budget adjustments within HSS MEG for 23-24 and 24-25**

- **£5.000m** – recurrent technical adjustments Action to Action within HSS MEG (budget commitment realignments).

<b>Action: Social Care &amp; Support</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
6.035	-0.850	5.185	6.035	-0.850	5.185

This Action provides funding for both Safeguarding and Advocacy and Older People Carers and People with Disabilities.

It also funds programmes of work to support carers in carrying out their roles as carers whilst maintaining their own health and well-being. This is central to ensuring that the rights for carers in the Social Services and Well-being (Wales) Act 2014 make a real difference in supporting carers and involves a strong element of investing to save since informal, unpaid carers are estimated to provide 96% of the care in Wales, care that would otherwise have to be provided from social care budgets.

Funding to support taking forward programmes to improve the life chances of disabled people and in particular the Improving Lives Programme for People with a Learning Disability, launched in June 2018. Funding is also used to take forward actions within the Framework of Action for People with Integrated Framework for Action of Care and Support for People Who are Deaf or Living with Hearing Loss.

### **Explanation of Changes to the Social Care and Support Action**

#### **Budget adjustments within HSS MEG for 23-24 and 24-25**

- **(£0.850m)** – recurrent technical adjustments Action to Action within HSS MEG (budget commitment realignment).

<b>Action: Partnership &amp; Integration</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
0.526	0	0.526	0.526	0	0.526

This Action provides funding to assist with the integration of health and social services and the implementation of the Social Services and Well-being (Wales) Act 2014. In addition, it also funds improvements to advice and guidance on continuing healthcare which should help people to access the support they need to meet their health needs. It also supports the consideration of a social care levy contributing to the wellbeing goals of a prosperous and resident Wales by considering options to provide the anticipated funding required in future to meet the increasing demands for social care resulting from an ageing population.

Funding remains at the same level as in the Final Budget 2022.

<b>Action: Sustainable Social Services</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
109.715	0	109.715	114.715	0	114.715

The majority of this Action funds the Sustainable Social Services Third Sector grant.

Funding in this Action is also used to support delivery of the Social Services and Well-being (Wales) Act 2014, implementation of the Regulation and Inspection of Social Care Act 2016 (RISCA) and improvement of Social Care Services which deliver the changes required to achieve our vision for a social care in Wales that improves well-being and puts people and their needs at the centre of all care and support. Our principles include cultivating practice that promotes voice and control, independence, coproduction, person-centred care and prevention and early intervention approaches.

For 2022-23 Social Care workforce grant has been transferred to this action, plus the new Social Care Reform Fund

Funding remains at the same level as in the Final Budget 2022.

<b>Action: Social Care Wales</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
25.613	-0.030	25.583	25.613	-0.030	25.583

This Action provides grant in aid funding to Social Care Wales a Welsh Government Sponsored body.

Social Care Wales (SCW) is funded to regulate the social care workforce, build confidence in the workforce, and lead and support improvement in social care.

## Key priorities include:

- set standards for the care and support workforce, making them accountable for their work
- develop the workforce so they have the knowledge and skills to protect, empower and support those who need help
- work with others to improve services for areas agreed as a national priority
- set priorities for research to collect evidence of what works well
- share good practice with the workforce so they can provide the best response
- provide information on care and support for the public, the workforce and other organisations.

## Explanation of Changes to the Social Care Wales Action

### New allocations for 23-24 and 24-25 (Recurrent)

- **(£0.030m)** - Draft Budget recurrent additional Non Fiscal Resource funding.

Action: Supporting Children					
Final Budget 2022 (2023-24) £m	Change £m	Draft Budget 2023-24 (2023-24) £m	Final Budget 2022 (2024-25) £m	Change £m	Draft Budget 2023-24 (2024-25) £m
111.256	170.235	281.491	112.106	177.685	289.791

The bulk of funding in this action supports the childcare offer (which is subject to scrutiny by the CYP&E Committee). This action also contains his action funding for the Looked after Children Transition Grant (LACTG) which provides funding for a number of initiatives which improve outcomes for looked after children so that all children in care have the same life chances as other children. It also contains the Vulnerable Children budget which supports children who have been adopted to ensure they and their family have the necessary access to support services to begin their family life.

## Explanation of Changes to the Supporting Children Action

### MEG to MEG transfers (Recurrent)

- **£160.235m (23-24) and £167.685m (24-25)** – Recurrent transfer of Children & Communities Grant funding into HSS MEG.

### Budget adjustments within HSS MEG for 23-24 and 24-25

- **£10.000m** – recurrent technical adjustments Action to Action within HSS MEG (budget commitment realignment).

<b>Action: CAF/CASS Cymru</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
14.725	0.470	15.195	17.725	0.470	15.195

Cafcass Cymru is a demand-led operational service delivers a statutory service to the Family Court in Wales on behalf of Welsh Ministers. Cafcass Cymru practitioners work with nearly 9,000 of the most vulnerable children and young people in the family justice system, ensuring our interventions promote the voice of the child, is centred on their rights, welfare and best interests to achieve better outcomes for the child involved in the Family Justice System in Wales.

The organisation seeks to influence the family justice system and services for children in Wales, providing high quality advice to Ministers and ensuring the needs of Welsh families and children are reflected in process and policy developments.

Aside from staffing and running costs for the organisation, the budget provides grant funding to support separated parents, when directed by the Family Court, to have contact with their children. The budget also funds the provision of the Working Together for Children programme which supports parents who have separated, or are separating, to better manage their own behaviour to ensure the emotional, practical and physical needs and best interest of their children are paramount.

### **Explanation of Changes to the CAF/CASS Cymru Action**

#### **Budget adjustments within HSS MEG for 23-24 and 24-25**

- **£0.470m** – recurrent technical adjustments Action to Action within HSS MEG (budget commitment realignment).

# Paper 02 - Children, Young People and Education Committee - 11 January 2023 – written evidence by the Minister for Education and the Welsh Language

## Children, Young People and Education Committee

**Date:** 11 January 2023

**Time:** 9:30-11:00am

**Title:** Evidence paper on Draft Budget 2023-24 – Education and Welsh Language Main Expenditure Group (MEG)

This paper provides information to the Children, Young People and Education (CYPE) Committee on the Education and Welsh Language (EWL) Main Expenditure Group (MEG) proposals outlined in the draft Budget 2023-24<sup>1</sup>, published on 13 December 2022. It also provides an update on specific areas of interest to the Committee.

Draft Budget 2023-24 is the second budget published for the 6<sup>th</sup> Senedd and provides an update on the multi-year spending review published last year, following the UK Government's Autumn Budget on 17 November 2022.

### 1. Cross Cutting Areas

#### 1.1 Transparency of budget presentation

1.1.1 The table below provides an overview of indicative plans for the EWL MEG published in draft Budget 2023-24:

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<sup>1</sup> Within this paper, 'f' refers to an academic year which spans the period from 1 August to 31 July and 'f' refers to a financial year which spans the period from 1 April to 31 March.

[1] *Annually Managed Expenditure*

[2] *Main Expenditure Group*

Education and Welsh Language MEG – Summary	£000s					
	2023-24 Indicative Final Budget March 2022	2023-24 Changes	2023-24 Draft Budget (December 2022)	2024-25 Indicative Final Budget March 2022	2024-25 Changes	2024-25 Indicative Draft Budget (December 2022)
Fiscal resource (revenue)	1,769,483	13,458	1,782,941	1,806,983	13,458	1,820,441
Non-Fiscal resource	488,480	3,187	491,667	514,811	3,139	517,950
<b>Total Resource</b>	<b>2,257,963</b>	<b>16,645</b>	<b>2,274,608</b>	<b>2,321,794</b>	<b>16,597</b>	<b>2,338,391</b>
<b>Capital</b>	<b>372,777</b>	<b>0</b>	<b>372,777</b>	<b>359,614</b>	<b>0</b>	<b>359,614</b>
<b>Total Resource &amp; Capital</b>	<b>2,630,740</b>	<b>16,645</b>	<b>2,647,385</b>	<b>2,681,408</b>	<b>16,597</b>	<b>2,698,005</b>
Resource AME[1]	-129,589	-115,538	-245,127	-163,720	61,800	-101,920
Capital AME	1,161,411	71,802	1,233,213	1,277,302	342,458	1,619,760
<b>Total AME</b>	<b>1,031,822</b>	<b>-43,736</b>	<b>988,086</b>	<b>1,113,582</b>	<b>404,258</b>	<b>1,517,840</b>
<b>Total – EWL MEG<sup>[2]</sup></b>	<b>3,662,562</b>	<b>-27,091</b>	<b>3,635,471</b>	<b>3,794,990</b>	<b>420,855</b>	<b>4,215,845</b>

### *Fiscal resource (revenue)*

1.1.2 When we published our 2022 Welsh Spending Review, we set out our ambitious plans for education up to 2024-25. Last year's draft budget set out revenue increases to the EWL MEG of £188m (12.3%) in 2022-23, with further increases of £50m (2.9%) in 2023-24 and £38m (2.2%) in 2024-25. This budget builds on those indicative budgets previously set, by providing a further net revenue increase to the MEG of £13.5m in 2023-24 and 2024-25, as summarised in the table below.

<b>EWL MEG: Revenue Budget Changes</b>	<b>BEL</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>
<b>Allocations from Reserves:</b>			
Further Education and Sixth Forms	Post-16 Provision	9,000	9,000
Pupil Development Grant	Pupil Development Grant	9,000	9,000
Recruit Recover and Raise Standards Programme	School Improvement Grant	5,500	5,500
Additional Learning Needs Implementation	Additional Learning Needs	4,500	4,500
Cost of living - pay:			
HEFCW	HEFCW Programme Expenditure	240	240
Qualifications Wales	Qualifications Wales	390	390
Estyn	School Standards Support	560	560
Welsh Language Commissioner	Welsh Language Commissioner	150	150
NAEL	Teacher Development and Support	60	60
<b>Total Revenue from Reserves</b>		<b>29,400</b>	<b>29,400</b>
<b>Reprioritisation of funding to Reserves:</b>			
Induction	Teacher Development and Support	-620	-620
PCET reform	Post-compulsory Education and Training Reform	-1,000	0
HWB Programme	Supporting Digital Learning in Education	-500	-500
Student Support Grants	Student Support Grants	-11,822	-12,822
Mutual Investment Model (MIM) Programme	Education Infrastructure	-2,000	-2,000
<b>Total Resource Transfer to Reserves</b>		<b>-15,942</b>	<b>-15,942</b>
<b>Net Transfer from Reserves</b>		<b>13,458</b>	<b>13,458</b>

- 1.1.3 Further detail on allocations to the MEG from central reserves totalling £29.4m are outlined in the relevant sections of this paper and at Annex B (see para 1.2.1).
- 1.1.4 There is no doubt that the development of this Draft Budget 2023-24 has been one of the most difficult since devolution. As a result, the Welsh Government has undertaken a reprioritisation exercise to release funding from within portfolios for reallocation across Government. The principles underpinning this reprioritisation exercise were to deliver a balanced budget, protect frontline public services and protect the Programme for Government.
- 1.1.5 Following this exercise, draft budget plans reflect a return to central reserves from the EWL MEG of £15.9m in 2023-24, with reductions baselined into 2024-25. These changes are summarised in the table above. In doing so we have protected front line service delivery to reduce the negative impacts associated with these reductions. It is anticipated that the

reductions will have no impact on provision within these programme areas, given that most budgets identified are demand led. Therefore, whilst a small element of risk remains, should spend deviate from the forecasts, the reductions should be achievable based on historical and future projections of spend. Further detail on these changes are included within this paper and at Annex B (see para 1.2.1), with student support grants changes outlined under section 2.18.

### ***Non-fiscal resource (non-cash)***

1.1.6 Following the significant increase to the EWL MEG's non-cash budget in last year's budget associated with student loans, the non-cash budget for the EWL MEG has increased by £3.2m in 2023-24 and £3.1m in 2024-25 as summarised below.

<b>Education and Welsh Language: Non-cash Budget Allocations</b>	<b>BEL</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>
HEFCW transition to CTER	Post-compulsory Education and Training Reform	650	650
National Microsoft Hwb Licensing Amortisation	Supporting Digital Learning in Education	2,488	2,488
Welsh Language Commissioner Depreciation	Welsh Language Commissioner	49	1
<b>Total Non-Cash from Reserves</b>		<b>3,187</b>	<b>3,139</b>

### ***Capital***

1.1.7 There were no capital allocations for Wales in the UK Government's Autumn Statement and therefore capital plans remain unchanged from indicative budgets previously set for 2023-24 and 2024-25. Last year's draft budget set capital plans for the next three years until 2024-25, including £300m per annum for the Sustainable Communities for Learning Programme, £20m per annum for Higher Education, £15m per annum for Welsh-medium capital and £25m in 2023-24 and 2024-25 for Childcare and Early Years (see 2.21-2.23).

1.1.8 There are no changes to Financial Transactions (FT) capital in this budget. In line with last year, FT capital will be allocated as part of Final Budget 2023-24.

### ***Annually Managed Expenditure (AME)***

1.1.9 The Annually Managed Expenditure (AME) budget is related to student loans which are demand led and sensitive to interest rate and other macro-economic factors and therefore difficult to forecast. This budget is agreed with the Treasury each year and is fully funded. The AME draft Budget figures reflects the forecasts submitted to the Office for Budget Responsibility in August 2022.

## 1.2 Commentary on Actions & Detail of Budget Expenditure Line (BEL) Allocations

1.2.1 A breakdown of changes to the Education and Welsh Language MEG by BEL for 2023-24 and 2024-25 is provided at **Annex A**. The report provides detail on 2022-23 First Supplementary Budget allocations, 2022-23 forecast outturn (period 7) and 2021-22 final outturns as requested by the Committee. A commentary explaining the changes to each Action within the MEG is also provided at **Annex B**. A transparent narrative explanation has been provided to explain increases and reductions, where not covered in the evidence paper, and confirmation of where the transfers have been allocated to/from. For Draft Budget, the indicative allocations presented in Final Budget 2022-23 have been used as the baseline budget for comparative purposes.

## 1.3 Education Priorities & Other Strategic Priorities

1.3.1 Above all else, our national mission is to achieve high standards and aspirations for all by tackling the impact of poverty on education attainment and supporting every learner. Our ambitious Programme for Government sets out our continued commitment to implementing our long-term programme of education reform, and ensuring educational inequalities narrow and standards rise. Education is one of our most powerful tools to tackle inequality and is a key investment in our future. To help the people of Wales through the cost-of-living crisis education is playing a key role.

1.3.2 Our priority therefore remains ensuring we have sufficient funding to support our Programme for Government commitment to invest in the Pupil Development Grant (PDG). To that end, building on the additional funding of £20m invested in last year's budget, we are allocating a further £9m to the PDG from 2023-24 to support our most economically vulnerable learners (further detail in section 2.3).

1.3.3 The draft budget supports priorities and key areas of work under the Programme for Government. To support our education reforms and for all learners to reach their potential, we continue to implement the Additional Learning Needs Act. Following the extra £7m allocated last year from 2022-23, we are investing a further £4.5m from 2023-24 to help transition children and young people to the new system (further detail at section 2.10).

1.3.4 Recognising the impact that the Covid pandemic has had on children and young people, and to aid recovery, we have taken the decision to continue our investment in the Recruit, Recover and Raise Standards (RRRS) Programme to fund up to 1,800 additional staff in schools, with additional investment of £5.5m from 2023-24. Funding will continue to be targeted at the most vulnerable and disadvantaged learners.

1.3.5 We are also maintaining the additional investment allocated in last year's budget to provide continued support for remaining Programme for Government commitments, including:

- supporting our International Learning Exchange (ILE) programme, Taith with funding of £8.1m per annum (see section 2.19);
- Maintaining the extra funding of £3m from 2022-23 to provide £4.5m per annum for the National Music Service;
- Maintaining the additional investment of £2.5m in 2023-24 and further £0.4m in 2024-25 to develop and take forward the Interim Youth Work Board's recommendations with the aim of strengthening youth work provision in Wales. This takes total provision to £4.9m by 2024-25 (see section 2.15);

- Strengthening our Welsh language education provision by continuing to allocate £2.2m per annum to expand our Welsh-medium late immersion programme and maintaining the additional investment of £3.5m by 2024-25 to support the Welsh in Education Workforce Plan to increase the number of Welsh-medium teachers and support all teachers to develop their Welsh language skills (see section 2.13); and
- Continuing to provide additional counselling provision, with funding increasing to £4m by 2024-25 (see section 2.6).

1.3.6 This budget also maintains those budget allocations published last year as part of our Co-operation Agreement with Plaid Cymru, specifically:

- £70m revenue in 2023-24 and £90m in 2024-25 to roll out universal primary free school meals within the lifetime of the agreement (see section 2.3); and
- £4.5m in 2023-24 and £8m in 2024-25 to ensure that the Coleg Cymraeg Cenedlaethol and the National Centre for Learning Welsh can increase the proportion of apprenticeships and further education opportunities that are available through the medium of Welsh, and to provide free Welsh language learning for 16-25 year olds (see section 2.19).

1.3.7 As part of budget preparations, the Minister for Finance and Local Government and I have had a number of bilateral meetings regarding the level of resources needed to deliver our key priorities, including core funding for schools provided through the Local Government settlement (see section 2.1). In terms of the cross-cutting impacts of our spending plans, supporting those who are most vulnerable to the cost-of-living crisis, as well as funding to support children and young people’s physical, emotional and mental health wellbeing remains a priority when allocating resources.

1.3.8 Value for money and clarity over how we use our resources effectively is central to delivering our priorities, particularly as we move to recover from the pandemic. Once expenditure is planned in line with priorities, we have well-established processes in place to ensure that resources are used effectively for the purposes intended. The governance and monitoring procedures in place reflect the nature of our relationships with delivery partners. These budget proposals reflect my continuing commitment to protect and prioritise investment that supports preventative measures as far as possible.

## **1.4 Children’s rights and other cross-cutting considerations**

### ***Children’s Rights Impact Assessment***

1.4.1 An integrated approach to impact assessments enables us to better understand the impact of spending decisions, to better understand the intersectional and unintended impacts of spending to maximise the impact of available funding.

1.4.2 Conversely the consideration of an area of impact in isolation risks unintended consequences such as the negative impact in one area being driven by a positive impact in another. A better understanding of the integration of different areas can enable more effective targeting of funding, ensuring that it can have the greatest impact.

1.4.3 We believe such an approach enables us to more effectively give balanced and due regard to the rights set out in the United Nations Convention on the Rights of the Child. This approach draws from a range of evidence and information including policy detailed policy impact assessments, including Children’s Rights Impact Assessment (CRIA) undertaken as part of our ongoing policy development and review.

- 1.4.4 We have worked with the Budget Improvement Impact Advisory Group to explore how we undertake our Strategic Integrated Impact Assessment (SIIA). A sub-group was established, and a shared plan of work is being developed with some changes implemented in the SIIA published alongside the draft budget documentation on 13 December 2022. We remain committed to continually reviewing our approach to assessing impacts as part of the annual Budget Improvement Plan (BIP) and how we can better reflect children's rights as part of this work. We are happy to offer a technical briefing on the SIIA and the improvements we are making through the BIP to the Committee.

### ***Well-being of Future Generations (Wales) Act 2015***

- 1.4.5 We continue to be guided by the five ways of working in the Well-being of Future Generations (Wales) Act 2015 to improve how we make decisions. We recognise the need to collaborate with our partners and to use our collective resources effectively to plan for the tough choices ahead. Our additional investment in the PDG and ALN recognises the importance of prioritising investment that supports preventative measures.
- 1.4.6 We continue to work with the Future Generations Commissioner and a range of experts to assess how we are addressing the Well-being of Future Generations (Wales) Act. Our new curriculum is broad, balanced, inclusive and challenging, however we recognise that curriculum reform in isolation will not provide sustainable change. The new curriculum has been designed to maximise its contribution to each of the well-being goals.

## **1.5 Costs of Legislation**

### ***Details of allocations within the 2023-24 budget intended for the implementation of the Curriculum and Assessment (Wales) Act 2021 and associated qualifications reform.***

- 1.5.1 The costs related to implementation of the Curriculum and Assessment (Wales) Act 2021 are set out within the curriculum reform section 2.5.

### ***Details of allocations for implementing the Additional Learning Needs and Education Tribunal (Wales) Act 2018 and the wider ALN Transformation Programme.***

- 1.5.2 We have made good progress in bringing forward the Additional Learning Needs and Education Tribunal (Wales) Act 2018 (ALNET), the ALN Code and supporting regulations. September 2022 marked the start of the second year of implementation and the system is well prepared for implementation
- 1.5.3 We continue to make extensive investment in the Additional Learning Needs programme to maintain implementation progress and move children and young people to the ALN system over the next three years.
- 1.5.4 This budget secures a £14.165m investment in the costs associated with ALNET and the wider ALN Implementation Programme in 2023-24, to be met from the Additional Learning Needs BEL. Further detail on wider ALN funding is set out in section 2.10.

***Details of allocations within the 2023-24 budget intended for the implementation of the PCET reforms, including any costs associated with the Tertiary Education and Research Act.***

1.5.5 The revenue budget allocated for implementation of the Tertiary Education and Research Act, including establishing the Commission for Tertiary Education and Research (CTER), is £6m in 2023-24 and 2024-25. The allocated funding covers both the transitional costs of creating the Commission and its recurrent costs. The reduction of £1m funding from the indicative amount allocated in last year's draft budget will have no impact on the implementation of the Tertiary Education and Research (Wales) Act 2022 and establishment of the Commission for Tertiary Education and Research. The reduction reflects a revised assessment of the funding required to deliver implementation compared to the original Regulatory Impact Assessment, in line with the timetable outlined to the Committee in my letter of 23 November 2022. There are no impacts on delivery which have been fully assessed: [Tertiary education and Research Wales act - impact assessment](#).

1.5.6 There is an additional allocation for non-cash depreciation of £0.65m on the basis of capital investment in IT and the establishment costs. The capital provision of £3.9m is included in the Education Infrastructure BEL. The allocated funding covers both the transitional costs of creating the Commission and its recurrent costs.

***Information on the financial impact of any relevant UK Parliament legislation.***

1.5.7 The UK Government's Coronavirus Act 2020 included provisions to enable Welsh Ministers to take appropriate action to ensure the safety of schools and pupils. Individual impact assessments, including development of Regulatory Impact Assessments were undertaken where necessary.

***Financial implications in 2023-24 of any relevant subordinate legislation.***

1.5.8 The budget continues to take account of relevant subordinate legislation in 2022-23. Assessing the costs of implementing legislation and the impact on those it affects is an essential part of ensuring that the principles of "Good Law" are followed. Draft regulations are subject to a robust assessment of costs and benefits, achieved through consultation and engagement with our stakeholders, in the development of the regulatory impact assessments (RIAs). This is to ensure our decisions are informed by the people who will be affected by them.

**1.6 Impact of COVID-19 pandemic**

***Information on the impact of the pandemic on the Education and Welsh Language MEG in 2022-23 and any ongoing implications in 2023-24, including an update on budget arrangements for meeting these for example whether there remains a central COVID-19 Reserve or if budgets are now expected to absorb costs.***

1.6.1 There is a wealth of emerging evidence on the negative impact of the COVID-19 pandemic on children and young people. Over the coming years we will continually monitor, review and assess the evidence and impacts of the pandemic. In response to the recommendations from the CYPE Committee report: the 2022-23 Welsh Government Draft Budget, I have committed to providing 6-monthly updates on Covid-19 recovery and how we're supporting our children and young people to recover from the impact of the pandemic on their education

progress. The first update was submitted to the Committee on 8 December in preparation for the meeting scheduled on 15 December.

- 1.6.2 The [Renew and Reform](#) plan, published in June 2021 and updated in September 2021, outlined our commitment to supporting learners' wellbeing and progression in response to the Covid-19 pandemic. The plan supported a revitalised, reform-focused and resilient educational system that puts learners' physical and mental health and wellbeing at the heart of its approach.
- 1.6.3 There is no central COVID-19 Reserve in place from 2022-23 onwards, instead costs associated with responding to the impacts of the pandemic must be absorbed within existing MEG budgets. As part of this budget, we are investing an additional £5.5m from 2023-24 to support the Recruit, Recover and Raise Standards (RRRS) programme. The programme has recruited and retained 1,800 full-time equivalent staff to build capacity and capability to support learners in the wake of the pandemic, in line with our Programme for Government commitment. This additional funding protects jobs and ensures that we are able to maintain funding in 2023-24 at £37.5m, with funding tapering down as planned but at a higher level of £28.5m for 2024-25.

***Details and breakdown of the funding allocated for the education sector's response to the pandemic, in 2021-22 and 2022-23, plus any allocation in 2023-24 (essentially an update to paragraphs 1.6.3-1.6.6 of last year's paper).***

- 1.6.4 We have provided funding of just under £500m to support the education system's response to COVID-19 over the course of the pandemic. Of this funding, £278m was allocated in 2021-22:
- £68.9m to support the RRRS programme;
  - £31m for schools and colleges to provide learning support for Years 11, 12 and 13 moving on to schools, FE and HE;
  - £23m to fund a range of activities in the 'summer of fun' and 'winter of wellbeing' programmes;
  - £11.4m to enable up to 1,400 teachers to confidently complete their qualifications and move into teaching;
  - £0.2m to extend the Creative Learning through the Arts (CLTA) programme;
  - £15m for educational technology in schools;
  - £33m to support post-16 learners entering new courses of study in schools, sixth form and FE;
  - £0.65m for e-resources to support blended learning and revision;
  - £13m to support Foundation Phase provision and non-maintained settings;
  - £23.8m additional funding for free school meals provision during the school holidays;
  - £10m for additional learning needs, in response to pressures arising from the Covid-19 pandemic;
  - £2m to increase the Pupil Development Grant (PDG) Access scheme;
  - £4.85m to support the School Holiday Enrichment programme;
  - £6.25m to support learner wellbeing and progression in schools, and to establish resilience for future COVID-19 outbreaks and longer-term planning;
  - £1.5m for National Strategy for Educational Research and Enquiry to support the Renew and Reform Programme;
  - £2.4m to support Welsh Language, including late immersion provision and the Eisteddfod Genedlaethol;
  - £10m to increase PLA opportunities;

- £5.1m for provision of books and materials to schools and directly to learners as part of the Children's oracy and reading action plan;
- £5.5m to purchase musical instruments for whole class projects;
- £7.1m to support resourcing schools and Local Authorities to address COVID-aggravated issues of equity;
- £0.05m to purchase and distribute a Welsh and English version of 'History Grounded' to all schools; and
- £3m for targeted pilot interventions for Post-16 & transition years.

1.6.5 As the programme concluded, many elements of funding continued as part of the business as usual arrangements. 2022-23 budgets included the following funding related to Renew and Reform:

- £37.5m for continuation of the RRRS Programme;
- £5.33m to support learner wellbeing and progression in schools;
- £7m for Additional Learning Needs;
- £2m for additional counselling provision (young people's mental health); and
- £3.5m for attendance to support and encourage learners who are disengaged or at risk of disengaging.

1.6.6 In 2023-24 we will be continuing to support all of these areas, with an additional £4.5m allocated for Additional Learning Needs (section 2.10); and maintaining the RRRS programme budget allocation at £37.5m which was intending to begin tapering in 2023-24.

***The status of the "Renew and Reform" COVID-19 education recovery plan and whether it continues to attract dedicated funding.***

1.6.7 As outlined above, an update on Covid-19 recovery, including the Renew and Reform recovery plan, has been provided to the Committee. Whilst the Renew and Reform programme has now concluded, funding to continue to support children and young people to recover from the impact of the pandemic has been mainstreamed into business as usual activity. A Continuity of Learning Project has been established, taking on board aspects of the Renew and Reform programme.

## **1.7 Impact of Brexit**

***An update on whether there are any specific financial implications for the 2023-24 Education and Welsh Language MEG from the UK's withdrawal from the EU, and any allocations made to mitigate these.***

1.7.1 There are currently no European projects within the EWL MEG and therefore no impact on budget allocations for 2023-24. Despite the withdrawal of the EU subsidy for school milk, which was in the region of £0.5m per annum, we have been able to absorb the full costs of the scheme within the Food and Nutrition in Schools BEL.

1.7.2 Further detail on the ILE Programme (Taith), announced following the UK Government's decision to withdraw from the Erasmus+ scheme, is set out under section 2.19. It means that Wales and its international partners can continue to benefit from exchanges in a similar way to the opportunities that flowed from Erasmus+, both in Europe and further afield.

## 1.8 Impact of cost-of-living pressures on delivery of education services

### ***Information on the implications of cost-of-living pressures and high energy prices on the operational delivery of education institutions – across early years, schools, colleges, universities and training providers.***

- 1.8.1 Over recent months, energy costs, particularly the wholesale price of gas, electricity and motor fuel have increased to record highs and significant increases have also been seen in prices of food and resources such as timber and other materials. Whilst the UK Government's Energy Bill Relief Scheme (EBRS) has provided some short-term relief, it may not be sufficient with businesses and public services facing up to six-fold price increases in their energy bills. The measures provide only a temporary respite and give little certainty to help our public services plan ahead.
- 1.8.2 Local authorities have been affected by the soaring cost of energy and inflation across all services, including schools. Discussions with local authorities have confirmed that the EBRS is unlikely to benefit many schools in Wales as many are already in contracts, which are better than the price cap offered, until the end of the financial year when the scheme comes to an end.
- 1.8.3 For the FE sector, in both 2021/22 and 2022/23 academic years, I provided additional funding to support the increased costs of consumables (including food in 2022/23) to ensure that vocational learners are not disadvantaged in completing in their vocational pathways. For 2022/23 this was an additional £2.583m.
- 1.8.4 Officials have worked closely with the FE sector to identify other cost increases such as energy and transport costs, with many predicting increases of up to 200% in the 2023/24 academic year. Not unlike other sectors, this is an ever- changing picture of many scenarios and officials will continue to work closely with the sector to identify any potential efficiencies in purchasing energy.
- 1.8.5 In November 2021, a commitment was made that required all projects under the current Band B wave of investment within the Sustainable Communities for Learning Programme, that had not received outline business case approval by 1 January, to be delivered to a Net Zero Carbon standard. To help local authorities and Further Education Institutions in meeting the additional capital costs associated with developing and delivering new and refurbished Net Zero Carbon learning environments, a further commitment was made to support at 100% (up to 12.5% of gross project cost) the additional costs between delivery of the standard BREEAM Excellent requirement to that of the Net Zero Carbon standard.
- 1.8.6 Higher Education Institutions (HEIs) are being impacted by cost of living and other inflationary pressures in common with the rest of society. They continue to meet from their own resources the costs of a number of measures to support staff and students through the ongoing costs of living crisis.

## 1.9 Budget monitoring

***Information on the processes in place for monitoring budgets throughout the year, identifying potential deficits and surpluses, and taking remedial action or allocating additional funds to cover any shortfalls, particularly in light of the pandemic.***

1.9.1 All budgets continue to be monitored and challenged monthly during 2022-23, to consider the latest forecasts and budget movements as necessary. I receive regular financial updates on the forecasts for the MEG to ensure that budgets remain on track to deliver priorities. We maintain very close monitoring to ensure funding is being invested where best needed whilst supporting our priorities in the right place, at the right time.

***Details of any changes to the 2022-23 Education and Welsh Language MEG that are already anticipated in the Second Supplementary Budget.***

1.9.2 There are a number of small transfers planned for the Second Supplementary Budget 2022-23 which result in a net increase of £2.4m for the Education and Welsh Language MEG of £2.4m. These are summarised in the table at **Annex C** (reflecting the position at the time of writing).

## 2. Specific areas

This section provides an update on specific areas requested by the Committee.

### 2.1 Funding for school budgets

***An explanation of how the Welsh Government has prioritised funding for schools in the 2023-24 Draft Budget (in both the Finance and Local Government MEG and the Education and Welsh Language MEG) and taken account of the Sibieta review of school spending in its approach to setting this budget.***

2.1.1 The main source of funding the Welsh Government provides to schools is to local authorities through the local government settlement. An additional £227m in 2023-24 and £268m in 2024-25 is being provided through the local government settlement to support all services, including schools. This builds on the increased settlement provided as part of last year's Spending Review.

2.1.2 Whilst local authorities are responsible for setting schools' budgets, we continue to provide a significant level of grant funding from our Education budget to support spending in and on schools, teachers and wider education programmes. The revenue grant funding provided through the EWL MEG to support local authorities and regional consortia is over £580m for 2023-24.

2.1.3 As a result of spending decisions made by the UK Government for education in England, Wales received additional funding in 2023-24 and 2024-25 in the Autumn Statement - this funding is being passported in full to local authorities for schools. The funding is primarily being directed through the local government settlement with a small increase to the EWL MEG.

2.1.4 Luke Sibieta's review of school spending in Wales provides valuable evidence for policy makers to inform future funding and policy decisions. This evidence continues to be considered as part of 2023-24 budget preparations. A number of areas were identified in the report where additional funding should be directed. Deprivation funding was a key area, with the recommendation that this should be delivered through specific grants, including the PDG. In this budget we are allocating a further £9m to support our most economically vulnerable learners through the PDG.

***An update on the work the Welsh Government is carrying out with stakeholders to consider amendments to the School Funding (Wales) Regulations 2010 (referred to in the Minister's letter to the Committee dated 20 July 2022).***

2.1.5 Initial engagement with stakeholders to seek their views on a proposed review and possible amendments to the 2010 Regulations has taken place. Following the informal consultation, an analysis of the responses was carried out and a working group has been established which meets regularly. A formal consultation on proposed amendments will be conducted in early 2023.

***Any consideration which has been given in the setting of the 2023-24 budget to reflect Sibieta's recommendation that greater prioritisation should be given to school sixth forms.***

2.1.6 A large number of 16-18 year olds in Wales attend a college to continue their post-16 education, including more than third of A-level provision. It is, therefore, important to consider the recommendations of this review with respect to the entire 16-18 cohort, and not just sixth forms.

2.1.7 Since the publication of Luke Sibieta's report in 2019, the funding model has been updated to reflect changes in demographics to more accurately reflect the funding required in the sector. For school sixth forms, this has seen the budget increase from £90.728m in 2019-20 to £105.477m 2022-23, an increase of 16.26%. For FE colleges this has seen the budget increase from £300.455m in 2019/20 to £368.765m in 2022/23, which represents a 22.74% increase in funding.

2.1.8 The 2023-24 allocations, once agreed, will again prioritise provision for 16–19-year-olds and recognise any demographic changes in the cohort.

## **2.2 Funding for school improvement**

***An explanation of how the Draft Budget 2023-24 supports school improvement and raising standards of education.***

2.2.1 Budgets across the EWL MEG support school improvement and the raising of school standards. School improvement services provided through local authorities and regional consortia are also funded directly through the Revenue Support Grant. As part of last year's budget, funding of £25.5m allocated through the Raising School Standards budget has been mainstreamed into the BELs within the MEG that support a range of school improvement activities, including Leadership and Professional Learning, attendance and attainment, and Additional Learning Needs.

2.2.2 We have also maintained additional funding which originally formed part of the Renew and Reform Programme. This funding supports school improvement and raising school standards through, for example, the RRRS programme which is providing additional posts in schools to support the needs of all learners following the impacts of the pandemic.

***Details of the Regional Consortia School Improvement Grant (RCSIG) allocations in 2022- 23, broken down by ‘objective’ and funding description (or whichever headings are appropriate) – essentially an update to Annex E of last year’s paper. Details of how much RCSIG was paid to each consortium and/or local authority in 2022- 23.***

2.2.3 The tables at **Annex D** provide a breakdown of the RCSIG which totals £162.8m for 2022-23, together with total funding by consortium or local authority.

***Information on the Education Improvement Grant element of the RCSIG and an update on how the Welsh Government is ensuring this is strategically used and its impact evaluated.***

2.2.4 The Education Improvement Grant (EIG) is £120.159m for 2022-23 and is used to support delivery of our priorities for schools and education. This funding is being maintained for 2023-24 and 2024-25. While there has been scope for the EIG to be used flexibly by regional consortia to support our national priorities, it remains predominantly focused on the Foundation Phase, support for Welsh in Education Strategic Plans and improving teaching and learning. A minimum delegation rate to schools of 80% must be maintained and assurance on this is sought by the Welsh Government.

2.2.5 The terms and conditions of the grant are the mechanism for ensuring adherence to staff to pupil ratios in schools. Consortia are required to determine their distribution formula to schools to support them to deliver the recommended ratios to deliver a high-quality Foundation Phase. The funding must also be used to support Foundation Phase practitioners in non-maintained settings to deliver high quality education provision.

2.2.6 Regional consortia are expected to evidence additionality of the funding and its impact. Delivery of the funding is monitored through milestones and key performance indicators outlined in consortia business plans.

***An update on the planned review of the RCSIG (referred to in the Minister’s letter dated 22 July 2022).***

2.2.7 Consolidation of priorities included within the RCSIG have been made during the last two grant periods. This was done in consultation with the consortia and local authority partnerships to ensure an appropriate balance between consolidation and the need to ensure sufficient transparency of the Welsh Government’s expenditure across different policy areas.

2.2.8 Given the complexities in the funding system and the recommendation relating to transparency of consortia funding made within the School Funding Review, we have commenced a review of the EIG which currently forms part of the RCSIG. We have been consulting with consortia and local authority partnerships to obtain information to gain a clear understanding of the EIG models used across the regions as part of this process.

**2.3 Reducing the impact of deprivation on educational outcomes**

***Information on how resources within the Education and Welsh Language MEG are being used to meet the Welsh Government’s long-term commitment to reduce the impact of deprivation on educational outcomes (in light of the Minister’s commitment to taking decisions through the lens of the needs of learners and their well-being, with a focus on narrowing educational inequalities and ensuring the best outcomes for all).***

- 2.3.1 We have made it clear that tackling the impact of poverty on attainment is at the heart of our national mission in education. Countering the effects of poverty on children and young people's attainment is central to our flagship PDG. For 2023-24 we have extended the PDG to reflect the increase in eFSM learners, with funding for 2022-23 at over £130m.
- 2.3.2 We will build upon existing effective practice by ensuring that we target the funding to have the greatest impact. We continue to work closely with PDG regional representatives to identify those areas where funding can have most impact, particularly in the context of the recommendations from Luke Sibieta's report; prioritising additional funding for more deprived schools; and working with local authorities on ensuring more consistent and transparent school funding formulae.
- 2.3.3 Whilst ultimately the use of the PDG should be decided by schools, these decisions need to be strategically influenced, grounded in evidence and rigorously monitored for impact. To that end, we have updated the terms and conditions of the grant and will be producing new guidance for schools on the use of the PDG working closely with the Education Endowment Foundation. We are also working with Bangor University who are undertaking research on the Effective Targeting of School Deprivation Funding in Wales.
- 2.3.4 Looked After Children are among our most vulnerable children and young people. In addition to support via the PDG, since 2021-22 we have provided start-up grant funding to a number of local authorities across Wales to implement a Virtual Schools model which aims to improve the educational experiences and outcomes of both looked after children and previously looked after children. The budget for 2022-23 is £1.1m and this is an ongoing pilot which will continue into its final year in 2023-24.
- 2.3.5 The Programme for Government 2021-2026 commits the Welsh Government to: *Invest in the learning environment of Community Focused Schools, co-locating key services, and securing stronger engagement with parents and carers outside traditional hours.* This is a key part of delivering educational equality through our policy for tackling the impact of poverty on educational attainment. It is equally part of our aim to build communities that are thriving, empowered and connected. Our ambition is for all schools in Wales to be Community Focused Schools - responding to the needs of their community, building a strong partnership with families and collaborating effectively with other services.
- 2.3.6 In 2022-23 we have invested:
- £3.84m in increasing the number of family engagement officers employed by schools, with part of their role to be focused on improving pupil attendance, with funding planned to continue into 2023-24;
  - £660k to trial the appointment of community focused schools managers; and
  - £20m of capital investment to allow schools to develop further as community assets, making the school more accessible and open to its local community (see section 2.21).

***Details of budget provision for the Pupil Development Grant (PDG) and the PDG Access fund and explanation of how these will continue to be targeted at the most disadvantaged pupils, given the main qualifying criteria (eligibility for free school meals) is moving to universal provision in primary schools.***

- 2.3.7 Building on the additional £20m allocated as part of last year's Spending Review, we are allocating a further £9m to the PDG BEL budget from 2023-24 to support our most

economically vulnerable learners. For 2023-24 budget provision for PDG is projected at £127.9m and £13.6m for PDG Access.

- 2.3.8 The written statement issued in December 2021 acknowledged that in offering every primary aged learner a school meal for free it was possible that we would no longer be able to use Free School Meal eligibility as a proxy indicator for disadvantage for children in this age group.
- 2.3.9 The Statement set out we therefore needed to work closely with partners, and right across government, to consider the impact of any potential changes to the way in which we record those eligible for free school meals, and any associated data sets. This is to ensure that we minimise turbulence to both funding allocations, entitlements to learners and families, and ways of working going forward. This work is ongoing.
- 2.3.10 Parents / Guardians are being encouraged in a communications campaign to continue to register their eligibility for eFSM as this forms part of the criteria for funding for PDG, and PDG Access (rebranded as 'School Essentials').

***Information on how resources within the Education and Welsh Language MEG are being used to support learners in post-16 education with the impact of cost-of-living pressures, and to address the impact of deprivation on outcomes (including, for example, through additional hardship funding for providers, or through existing student support funding such as the Education Maintenance Allowance).***

- 2.3.11 Full-time learners can access further education free of charge, regardless of age which reduces barriers for all learners to access full-time education. The post-16 funding methodology includes an educational deprivation uplift, which allocates funding to a Local Authority or FE college based on the top four deciles of the Education domain of the Welsh Index of Multiple Deprivation. This creates a funding uplift of £3.394m for local authority sixth forms and £16.795m for FE colleges.
- 2.3.12 The Financial Contingency Fund (FCF) can help eligible learners in a FE college who are facing financial difficulties. This could help with costs such as fees, course related costs, transport, meals, and childcare costs. The type of support provided, and eligibility is determined by the individual FE college. In 2022-23 the FCF was increased by £1.345m to recognise the impacts of increased costs of living and to support those learners that might not otherwise access education. This was in addition to £6.33m core funding for FCF.
- 2.3.13 In line with the Programme for Government, we are committed to maintaining the Education Maintenance Allowance (EMA) for the duration of the Government term providing £30 per week to eligible young people attending post compulsory education. In the draft budget we are maintaining the current budget of £17.4m.
- 2.3.14 In Wales we have a unique and progressive student finance system with the highest levels of non-repayable grant support being targeted to those most in need and our living cost and other support is increased each year in line with longstanding policy. Student support rates for the 2023-24 academic year will be published in January.
- 2.3.15 We are mindful of the importance of funding for living costs, so our finance package offers the same total funding entitlement (£10,710 for living away from home in 22-23) to all eligible full time students, with the grant and loan proportion varying according to household income.

2.3.16 We are working with HEFCW and Universities to monitor the impact of cost of living challenges on institutions and their students and I welcome the support our universities are already providing, such as free food, warm study environments and additional hardship funding.

***The costs of the expansion of free school meals in 2022-23, 2023-24 and future years, and an update on the schedule for extending FSM throughout all primary school age groups.***

2.3.17 As part of our Co-operation Agreement with Plaid Cymru there is a commitment to roll out universal primary free school meals within the lifetime of the agreement. A total of £200m revenue has been allocated over three years to deliver this commitment: £40m in 2022-23, £70m in 2023-24 and £90m in 2024-25.

2.3.18 In addition, we have allocated additional capital funding through existing resources within the EWL MEG to deliver this commitment, with £25m in 2021-22 and £35m in 2022-23.

2.3.19 Local authorities are currently delivering the first phase of the offer with 45,000 additional children already newly eligible for a free meal since the start of the 2022/23 academic year. It is anticipated that this figure will increase to more than 60,000 children by April as the majority of authorities increase their offer beyond Reception to Years 1 and 2. Each local authority has received an allocation in the 2022-23 financial year reflecting their plans for rollout across the Autumn 2022 and Spring 2023 terms.

2.3.20 The precise scheduling of rollout from September 2023 has not yet been agreed. A formal planning process with local authorities will begin again in the new year and inform the schedule of rollout during the 2023/24 academic year and beyond.

2.3.21 We remain committed to implementing the scheme as quickly as possible in response to the rising cost-of-living crisis. However, we need to balance the pace of rollout with the capacity of local authorities and schools to establish the necessary infrastructure and arrangements to deliver quality, safety and not disadvantage those traditionally eligible for free school meals.

***A further breakdown of the funding provided to local authorities to support the expansion of free school meals (in line with the recommendation of the Finance Committee on the First Supplementary Budget 2022-23).***

2.3.22 As previously confirmed to the Finance Committee, revenue allocations for 2022-23 and offers of grant were made to all local authorities on the following basis:

- Local authorities will retain the duty<sup>2</sup> related to the provision of food for those eligible for a free school meal under benefits-related criteria;
- The Welsh Government grant funding will support the expansion of a free meal offer to all those newly eligible as a result of the commitment;
- The unit rate per meal provided through the grant has been set at £2.90;
- Funding allocations are based on 86% uptake of the offer among newly eligible learners according to each local authority's plans for rollout in the first year of delivery (calculations are based on the difference between all pupils on Pupil Level Annual

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<sup>2</sup> Local authorities are required to provide a free school lunch for eligible pupils under the existing 1996 Education Act free school meals provisions. In rolling out the universal offer this requirement will remain. This means that those currently eligible for free school meals through income/benefit related criteria (eFSM) will continue to be funded by local authority budgets (including the Revenue Support Grant) when the universal offer begins. The "new" pupils outside of the 1996 Act provisions who receive a meal will be funded through a Welsh Government grant to local authorities.

School Census (PLASC) 2021 minus those eligible for free school meals under income/benefit-related criteria or through Transitional Protection arrangements, which represents the anticipated total expansion).

- A fee to cover additional administration costs incurred as a result of their administration of the offer is also included in grant allocations. For the first year, it has been agreed that this will be set at 6% of each local authority's grant allocation. This is normal with programmes of this scale and reflects the complexity in rolling out this offer.
- Funding will be distributed as part of the Local Authority Education Grant on a demand-led basis. Local authorities will need to prepare monthly claims on the actual numbers of meals served. Any variances less than or greater than 86% meals served will be adjusted in the payments made.
- A review of the unit rate will be undertaken during the first year of delivery, using real-time data on costs/uptake provided by local authorities, in order to develop a deeper understanding and, where appropriate, refine the rate for future years.

2.3.23 Local authority revenue allocations for 2022-23 are set out at **Annex E**. These were allocated on the basis identified above and reflected each local authority's rollout intentions for the 2022-23 financial year. Revenue allocations for 2023-24 and beyond are not yet available and will be informed by the planning process undertaken in partnership with local authorities in the new year, as referenced in the previous answer above.

2.3.24 Local authority capital allocations for 2022-23 are also set out at Annex E. The capital funding was based on a review of infrastructure audits and discussions with local authorities. The funding was distributed to local authorities on a formula basis, which considered the number of learners and number of schools within the area. This ensured equitable investment across Wales.

***Any other funding within the Education and Welsh Language MEG for initiatives to tackle the cost of living and the deprivation/attainment negative correlation, for example holiday hunger and school holiday enrichment/summer of fun projects.***

2.3.25 The Welsh Government has committed to support the School Holiday Enrichment Programme (SHEP), with a commitment in the Programme for Government to continue to "build on" the programme. In 2022-23, £4.85million was allocated for SHEP, with 139 schemes running over this summer offering nearly 8,000 places to children in areas of social deprivation, including support for 1:1 and ALN. This budget is being maintained from 2023-24.

2.3.26 The Year 7 breakfast pilot has been extended until the end of the 2022/2023 academic year, with costs of £0.391m falling into the 2023-24 financial year. The pilot provides Year 7 pupils who receive free school meals, with an additional allowance of up to £1 per day to obtain a breakfast near the start of the school day without using up their lunchtime meal credit.

2.3.27 We are continuing to allocate £3.2m on an annual basis for the School Milk scheme which provides free milk for foundation phase pupils and subsidised milk for pupils in Key Stage 2 across Wales. It is not mandatory and therefore schools in Wales are required to opt-in to the scheme.

## 2.4 Education workforce

***Details of budget allocations to finance Initial Teacher Education (ITE) and professional learning for current teachers, including in light of the ongoing implementation of education reforms.***

### Initial Teacher Education

2.4.1 There is dedicated funding within the Teacher Development and Support BEL to support ITE as follows:

- Approximately £3.350m to deliver the part-time and salaried PGCE, which alongside the full-time PGCE form our coherent suite of high-quality routes into teaching. The part-time and salaried PGCE will continue to be available in the 2023/24 academic year. The budget provides a training grant and salary contribution grant for ITE Students on the salaried PGCE, which is an employment-based scheme preparing secondary teachers in priority subjects (Science, Maths, English, Welsh, Design and Technology and Computing) for the workforce. The programmes are demand-led and highly dependent on recruitment. In 2023-24 some of the funding will be utilised to support the expansion of the subject specialisms available from AY2023/24 to include Design and Technology and Computing as per our commitments under the Welsh in education workforce plan and the Anti-racist Wales plan.
- Approximately £3.2m to continue to deliver the priority subject & black and minority ethnic incentive schemes to support recruitment into the profession. This budget is demand-led and is highly dependent on recruitment levels into full-time ITE programmes.
- A further £0.160m will continue to be made available in 2023-24 to support costs relating to developing evidence informed policy to continue to support the Welsh Government's ITE reforms. It is proposed that this funding will support the ongoing recruitment of Black, Asian, and Minority Ethnic student teachers into ITE as well as supporting events to mature and support our the ITE Partnerships.
- Approximately £0.745m for the Iaith Athrawon Yfory Welsh-medium incentive scheme, which is targeted at student teachers preparing to teach secondary subjects through the medium of Welsh, or Welsh as a subject. The line is demand-led and is highly dependent on recruitment levels into ITE programmes. The incentive scheme is paid at two points in a teacher's early career (on award of qualified teacher status and on completion of statutory induction) and applicants have several years in which to claim each instalment. Therefore, each year's budget allocation covers several cohorts up until their respective deadline dates and the final allocation and spend varies depending on demand in the previous year.
- Up to £0.250m will again be allocated in 2023-24 to continue the communications and marketing campaign for Teaching in Wales.

## Professional learning for the workforce

- 2.4.2 We want all practitioners to have access to quality professional learning to enable them to deliver high standards and aspirations for all. The National Professional Learning Entitlement, published in September 2022 will play a key role in our journey to achieving this. The Entitlement sets out how the continued development of practitioners will support the schools or settings in which they work and their learners to realise the four purposes of Curriculum for Wales, supporting learners with additional learning needs and embedding equity, well-being and the Welsh language across the whole-school community.
- 2.4.3 In 2023-24 we will be allocating approximately £36m from the Teacher Development and Support BEL to support the development and delivery of professional learning. This represents a reduction of approximately £1.5m compared to the £37.5m allocated in 2022-23. Efficiency savings are being made to ensure that our stakeholders work closer together as they develop and deliver professional learning to ensure that practitioners across Wales have access to a consistent and quality programme of professional learning. Also, some of our programmes, for example the Masters and induction are demand-led and therefore projections have been based on trends in uptake.
- 2.4.4 Funding will be allocated via various routes, including the regional consortia and local authorities, National Academy for Educational Leadership and universities to support a number of priorities and to enable all practitioners, including teachers, supply teachers, teaching assistants and leaders to access professional learning.

### ***Information on funding provided by the Welsh Government to the Education Workforce Council.***

- 2.4.5 Grant funding of £7.927m has been awarded to the Education Workforce Council (EWC) for 2022-23 to support the following activities:
- Administration and notification of Qualified Teacher Status (QTS);
  - Induction appeals and certification;
  - Administration of the Induction programme for Newly Qualified Teachers in Wales;
  - The maintenance and development of the Professional Learning Passport (PLP);
  - Promotion of careers in the registered professions;
  - Post-16 education and training as a pathway into teaching;
  - Initial Teacher Education Partnerships;
  - Professional Standards for FE and Work Based Learning (WBL);
  - FE & QTS Mapping Study;
  - Data provision and analysis;
  - Secretariat to Welsh Pay and Conditions Review Body;
  - Secretariat to National Strategy for Education Research and Enquiry (NSERE);
  - Data provision and analysis;
  - Registration contribution; and
  - FE and WBL Workforce Survey 2022.
- 2.4.6 Welsh Government officials will meet with EWC early in 2023 to discuss their grant award for 2023-24.

***Details of funding for local authorities towards meeting the costs of the teachers' pay award for academic year 2022/23 including a breakdown between the 2022-23 and 2023-24 financial years and the respective mechanisms used (whether direct grant or incorporated into the local government settlement).***

- 2.4.7 The increase of 5% across all teacher scale points and allowances from September 2022 equates to an estimated increase to the overall pay bill of £43.5million in 2022-23 financial year (September 2022 to March 2023) and £74.6 million for the full year impact in financial year 2023-24.
- 2.4.8 Whilst the funding provided through the local government settlement is un-hypothecated and for each local authority to determine its own priorities, a significant factor in the Welsh Government's decision to increase funding for the settlement for 2022-23, by an average of 9.4%, was to recognise the impact of teachers' pay. It was therefore anticipated that the costs of any 2022/23 pay award would be met through funding allocated to local authorities via the settlement and their ability to raise funding through council tax. As outlined under section 2.1, an additional £227m in 2023-24 and £268m in 2024-25 is being provided through the local government settlement to support all services, including support for teachers' pay. This is in addition to the increases to the settlement of 3.5% (£177m) and 2.4% in 2023-24 and 2024-25 respectively.

***Information on any funding to support policy regarding the supply teaching workforce.***

- 2.4.9 In August 2022 I agreed plans to reform pay, conditions and employment of supply teachers, to deliver the commitments set out under the Programme for Government and Co-operation Agreement. As part of the reforms a new employment model is currently being procured, alongside a revised supply agency framework; both are due to be implemented from September 2023.
- 2.4.10 The cost of implementing and operating the model are dependent on uptake by local authorities and schools. No costs will be incurred in the 2022-23 financial year. Costs for financial years 2023-24 and 2024-25 will depend on the roll-out and implementation of the model following award of the contract in April 2023 (estimated at between £0.5m and £1.05m per financial year), which will be met from the Teacher Development and Support BEL. Current projected costs do not include any additional costs that may fall to local authorities to support the platform, as these discussions are ongoing.

## **2.5 Curriculum Reform**

***Information on funding to support the implementation of the Curriculum for Wales, including professional learning for the workforce.***

- 2.5.1 To support the ongoing process of curriculum implementation in our schools and settings, including our emphasis on learner progression, we are maintaining the additional investment allocated as part of last year's budget for 2023-24 (£5m) and 2024-25 (£1.66m). This takes total provision in our budget to some £36m for 2023-24 to support the Curriculum for Wales, reflecting the priority we are placing on supporting schools and settings in their implementation of these reforms.

- 2.5.2 This funding remains essential in helping ensure successful roll-out of our transformational curriculum by supporting the ongoing engagement of practitioners and schools in their curriculum reform, Qualifications Wales and the ongoing development of associated bilingual resources.
- 2.5.3 Further detail on professional learning for the workforce is detailed in section 2.4 (education workforce).

## **2.6 Emotional and mental health of children and young people**

### ***Budget provision from the Education and Welsh Language MEG in 2023-24 for the whole-school/system approach to emotional and mental health.***

- 2.6.1 There are no changes to the whole school approach to wellbeing budget to those plans previously published. As outlined in last year's multi-year budget, funding in the EWL MEG to support the whole school approach increased by £2.2m in 2023- 24, to £7.4m. By 2024-25, total funding to support the whole school approach in the EWL MEG rises to £9.6m. Increasing funding in this area from 2022-23 is enabling us to further strengthen activity and embed wellbeing across education, beyond maintained schools alone, and target some of the most vulnerable learners.

### ***Details of funding from the Health and Social Services MEG to complement work in schools on this area.***

- 2.6.2 Funding of £7m is being maintained for the whole school approach within the Health and Social Services MEG across the budget period, recognising the cross cutting nature of this work and emphasising our commitment to progressing this agenda. Taken together with the additional funding in the EWL MEG, funding will ensure we are able to support wellbeing needs, from building resilience to more targeted interventions for learners to ensure their needs can be met outside of specialist services, bringing savings and efficiencies for those services.
- 2.6.3 In 2022-23 we have provided £5.3m to Health Boards to continue the national roll out of the CAMHS school in-reach service. The service provides dedicated mental health practitioners in schools providing consultation, liaison, advice and training to teachers and other school staff, with the objective of ensuring early identification and provision of appropriate and timely support. Since September 2022 the service has been fully operational in all Health Board areas.

### ***Information on any budget provision to support the emotional and mental health of young people in post-16 education.***

- 2.6.4 An increased allocation of £6m is being allocated for the FE sector for the 2022/23 academic year to support mental health and wellbeing initiatives for both staff and learners. This funding is made up of £2m core funding plus an additional £4m for 2022/23 only, to help combat the mental health and wellbeing impacts of the pandemic. The funding is split into three strands to support activity and projects at institutional, collaborative and national levels.
- 2.6.5 Funding of £5.25m is allocated to the Institutional strand to build capacity in individual FE institutions to continue the support of learner and staff mental health and wellbeing. The investment this year will help provide the additional support required to increase the size

of wellbeing/welfare teams to respond to growing numbers of referrals, counselling provision for learners, and to fund activities for resilience building and to support learners social and emotional wellbeing.

- 2.6.6 Up to £0.625m has been allocated to support three collaborative projects which are college-led, strategic, and provide sustainable approaches to mental health in FE. Collaborative funding has enabled colleges to come together to share best practice and develop new strategies and resources to support staff and learner mental health and wellbeing.
- 2.6.7 Up to £0.125m has been allocated to the National strand to develop specialist resources and/or training provision for the FE sector. Projects for 2022/23 include:
- Working with Public Health Wales on the development of resources and training on Adverse Childhood Experiences (ACEs) to support institutions in adopting a whole system approach to wellbeing, building resilience, and embedding an ACE-/Trauma informed practice.
  - Working with the University and College Union (UCU) to embed the TU Mental Health and Wellbeing/Welfare Branch roles as a key sustainable resource to support FE staff. The project for 2022/23, called '**Digging in**' will explore and support recommendations from the pilot project in 2021/22 which includes workload reduction, professional well-being, and engagement in professional learning.
- 2.6.8 Supporting student health and well-being, including mental health, is an ongoing priority with funding of £2m ringfenced again this year within HEFCW's revenue allocation. The funding enables HEFCW to prioritise support for institutions in furthering the development and delivery of their well-being and health strategies and annual implementation plans.

***Details of funding for any additional or tailored initiatives to support children and young people's mental health in education settings during the COVID-19 pandemic and current cost of living pressures.***

- 2.6.9 We consider that our whole school approach programme of work is an integral part of supporting children and young people, including during times of uncertainty, such as that brought about by the Covid-19 pandemic and the current cost of living crisis.
- 2.6.10 During the pandemic we moved quickly to support school counselling to move support online by funding online training and the cost of software licences for practitioners. We also created an online resource which promotes the numerous digital tools designed specifically to support young people with their own mental health and emotional wellbeing. The Young Person's Mental Health Toolkit links young people, aged 11 to 25, to websites, apps, helplines, and more to build resilience and support them through the pandemic and beyond.
- 2.6.11 We will continue to work with stakeholders to ensure that we are able to provide a range of resources, training and support to meet all the wellbeing needs of children and young people and the wider school population.

***Budget provision for the action plan and wider response to tackle peer on peer sexual harassment among learners.***

2.6.12 For 2023-24, a budget of just over £6m has been allocated from the Tackling Disaffection BEL to address pupil absence and safeguarding. This will include any necessary budget provision to respond to the Committee's recommendations in relation to peer-on-peer sexual harassment and associated action plan.

**2.7 Pupil absence**

***Information on any specific budget provision to address rates of pupil absence or an identification of which budget lines support such work more generally.***

2.7.1 As noted above, £6m is allocated to address pupil absence and safeguarding from 2023-24. The greatest emphasis for encouraging good attendance should be placed on preventative measures and ensuring positive relationships are developed between families and schools. Parents are more likely to encourage full attendance where they feel part of the school community. FEOs can support the relationships between families and schools and can encourage and develop links which have a positive impact on attendance. As outlined under section 2.3, we are continuing our investment to allow local authorities to recruit and retain FEOs in 2023-24 through funding allocated within the Community Schools BEL.

**2.8 Sport and physical activity**

***Information on how the Education and Welsh Language MEG supports the provision of sport and physical activity for children and young people, whether inside or outside school, and how this relates to any funding in the Health and Social Services MEG such as for Healthy Weight, Healthy Wales.***

2.8.1 As part of Healthy Weight: Healthy Wales 2022-24 delivery we are working across government to explore the development of a daily active schools offer which will align with the Welsh Network of Healthy Schools Scheme. Programmes such as the SHEP and Community Focussed Schools for example are linked to the Healthy Weight: Healthy Wales Delivery Plan and we will continue to work collaboratively and in partnership with key external organisations, including Public Health Wales, Sport Wales and Natural Resources Wales, to consider how to develop an offer which can support schools and develop local approaches to increase opportunities for daily movement that are aligned to the curriculum.

2.8.2 We also co-invest in the School Health Research Network with the Health and Social Services MEG, which helps to support both primary and secondary schools to consider health and well-being of their pupils, including physical activity behaviours

**2.9 Support for Minority Ethnic and Gypsy, Roma and Traveller learners**

***Details of funding to support the education of Minority Ethnic and Gypsy, Roma and Traveller learners in 2023-24 and how this is being distributed.***

2.9.1 A total of £11m is being maintained in 2023-24 for our Minority, Ethnic and Gypsy Roma traveller learners.

2.9.2 In 2021 following recommendations of a working group, Local Authorities agreed to move to a distribution formula based on numbers of children with English as an Additional

Language (EAL), plus numbers of Gypsy, Roma and Traveller children and young people. To mitigate the impact of the change in formula, for 2022-23, allocations are based 50% on each Local Authority's share of the grant in 2021-22. The remaining 50% uses the latest PLASC data. This dampens the financial changes and ensure that the method moves closer to one based on the latest data. For distribution of the grant in 2023-2024, the Working Group will be re-established to agree (in January 2023) the next step in moving to the new distribution formula.

## 2.10 Additional Learning Needs

***An updated assessment of the pressures facing local authorities, schools, and colleges in delivering current SEN/ALN provision, the impact of additional funding in previous years and whether further additional funding will be provided in 2023-24.***

- 2.10.1 Together with the sector we have made extensive progress in preparing for ALNET. Estyn report that nearly all providers have begun to implement key elements of ALN reform, such as person-centred practices, individual development plans, to identify learners in need of specialised additional support and mapped out universal provision for others.
- 2.10.2 A recent report of the national implementation lead concurs with those findings, and additionally reports effective work in health boards by DECLOs to raise awareness of duties of the Act and the ALN system, and families have more confidence in the system. Nearly all local authorities (LAs) are confident in their ability to manage the moving of the mandated and specific groups of learners over the forthcoming academic year, which represents the second year of implementation.
- 2.10.3 However, local authorities report increasing demand on inclusion services, rising levels of children with complex ALN, responding to repercussions of the pandemic, and pressures to support academic, social and emotional wellbeing of learners. LAs and schools are concerned over moving the volume of learners from SEN to ALN system in the final third year of implementation. Further work is needed to strengthen LA and health multiagency working, manage demand for health involvement, and to establish a joint vision for meeting the needs of post 16 ALN learners requiring specialist provision.
- 2.10.4 As part of last year's budget we invested an additional £7m from 2022-23 into the ALN BEL to provide additional resources to transfer children and young people from the SEN system to the ALN system. This budget delivers a significant boost to investment, with a further £4.5m allocated to support ALN. This has been allocated to increase the ALN system implementation costs to £12m, to maintain progress on the movement of children and young people from the SEN to ALN system over the next two years. The funding will better resource Schools and PRU's to deliver a person-centred approach to planning for the need of learners with ALN. This will include support for LAs to meet their post-16 duties during the transition period as young people 'flow through' to the ALN system.
- 2.10.5 The budget includes a continuation of the £9.155m allocated in 2022-23 for ALN Learner Provision, associated with the (ALN) Covid Recovery Grant, to local authorities, schools and FE colleges to support children and young people with Additional Learning Needs (ALN). For 2022-23 the funds have been directly provided for the provision of enhanced and/or Additional Learning Provision for children and young people with complex Additional Learning Needs, to support the process of person-centred planning, and to map provision in the local area, increasing services to ensure that needs are met. Individual Development Plans.

- 2.10.6 Within the Post-16 Provision BEL, funding for Further Education, the budget of £15.525m is being maintained, for learners with ALN in post-16 education. This funding helps colleges provide the additional support which is necessary for learners with ALN to succeed on their chosen programmes of study.
- 2.10.7 For 2023-24, within the Post-16 Specialist Placement BEL, we are also maintaining £13.9m for specialist FE provision to meet existing demand for learners with ALN and complex needs up to the age of 25, who require specialist FE provision in order to access further education and training suitable to their needs.

***Information on funding provision for the ALN Transformation Programme and the implementation of the 2018 Act, including an updated assessment of whether the Welsh Government believes the ALN reforms will be cost-neutral.***

- 2.10.8 We continue to invest in supporting the implementation period, in recognition of the significant culture and practice change, and required movement of children and young people from the SEN to ALN system as a key development of ALN reform.
- 2.10.9 The regulatory impact assessment undertaken alongside ALN Bill development, concluded that the ALN system would not incur additional ongoing costs once implemented. The implementation costs included in the budget for 2023-24 are short-term costs whilst the ALN system is rolled out.
- 2.10.10 ALN Reform is a key Programme for Government commitment. With the additional funding allocated in this budget, it takes total funding in the ALN BEL to £25.591m from 2023-24. As outlined in section 1.5, the costs associated with the ALNET (Wales) Act 2018 and the wider ALN Transformation Programme are £14.165m in 2023-24 from the ALN BEL.

***The latest position on funding for the training of educational psychologists in Wales and the grant funding arrangement with Cardiff University.***

- 2.10.11 Funding of £0.9m has been maintained in the ALN BEL in 2023-24 to continue to pay course fees and bursaries for 10 students per year on the three-year Doctorate in Educational Psychology professional training programme.
- 2.10.12 The Welsh Government recently awarded a new three year contract to Cardiff University to boost workforce supply of highly trained Educational Psychologists in Wales. The funding arrangement is in place until August 2025.
- 2.10.13 From September 2022, a new tie in agreement requires new funded trainees to agree to work in a local authority in Wales for two years immediately after graduation. At least one bursary must be for students who can already, or have the potential to, work through the medium of Welsh. The vast majority of the 2022 graduate cohort gained employment in a Welsh Local Authority.

## 2.11 Estyn

***Details of Estyn's core budget allocation for 2023-24 from the Finance and Local Government MEG and details of any additional funding from the Education and Welsh Language MEG for Estyn's role in education reforms.***

- 2.11.1 The total budget allocation for Estyn within the Estyn BEL of the Finance and Local Government MEG is being maintained at £11.473m per annum for 2023-24, consisting of fiscal resource (£11.023m), non fiscal resource (£0.2m) and capital (£0.25m).
- 2.11.2 As outlined in last year's Budget, we are also providing additional funding to Estyn via the School Standards Support BEL within the EWL MEG of £2.9m in 2023-24, rising to £4m by 2024-25. This is to support Estyn to carry out an increased rate of inspection for the remainder of the current cycle, following the two-year suspension of inspection from March 2020-February 2022; and to support work to design and prepare for the introduction of more regular inspection from September 2024. In this draft budget we are allocating Estyn additional funding of £0.56m from 2023-24 to support pay uplifts.

## 2.12 Qualifications

***Details of funding allocated to Qualifications Wales in 2023-24 and details of any additional funding for its work on qualifications reform in the context of the new Curriculum for Wales.***

- 2.12.1 Qualifications Wales' revenue budget has increased by £0.39m from 2023-24 to provide an uplift for pay, which takes their total revenue budget to just over £10m for 2023-24. Within this figure there continues to be £1.35m budget specifically to support the reform programme commitments, which will be monitored separately and only drawn down as and when required. Both the non-cash (for depreciation) and capital budgets are being maintained at £0.25m for 2023-24.

***Whether any additional funding is anticipated for Qualifications Wales or WJEC for the awarding of qualifications in 2023 in the context of any special arrangements due to the impact of the pandemic.***

- 2.12.2 At this time, we do not anticipate any special arrangements or additional funding being required in 2023, in relation to the awarding of any qualifications impacted by the pandemic.

## 2.13 Welsh-medium education

***Details of budget provision to support the Welsh Government's Welsh-medium education strategy and local authorities' Welsh in Education Strategic Plans (WESPs), as well as the education sector's role in meeting the Cymraeg 2050 target of one million Welsh speakers.***

- 2.13.1 The [Cymraeg 2050 Work Programme for 2021-26](#), published in July 2021, set out our plan for the next five years of this Senedd term. The education sector has an important role to play in meeting both high level Cymraeg 2050 targets: doubling daily language use and reaching a million Welsh speakers by 2050. There are a number of budgets within the Welsh in Education BEL, and other BELs across the MEG, which contribute to our work of reaching those targets within the education sector.

- 2.13.2 Within the Welsh in Education BEL, we continue to allocate funding to support work on the WESPs. All WESPs have been approved and have been operational since September 2022. Our efforts in 2023-24 will concentrate on supporting local authorities to implement their new 10-year WESPs. Local authorities will continue to use funding from a variety of other sources to implement their WESPs, for example funding through programmes such as the Sustainable Communities for Learning capital programme, Childcare capital grant, and the Revenue Support Grant (RSG). Specific Welsh language funding such as the Welsh-medium Capital grant and Late Immersion Grant will continue to support and deliver activities directly supporting the implementation of WESPs.
- 2.13.3 The Education Infrastructure BEL of the MEG provides budget to increase capacity in Welsh-medium schools, establish new Welsh-medium provision, support late immersion provision as well as support learners of all ages to improve their skills and confidence in Welsh. Funding of £30m was announced in March 2021 to support capital projects dedicated to growing the use of the Welsh language in education according to local WESP needs. The funding is the second tranche of investment from the Welsh-medium Capital Grant, established in 2018 to support capital projects dedicated to supporting and growing the use of the Welsh language in education. This investment will lead to the creation of an additional 933 places in Welsh-medium education, 285 additional late immersion places, 2 new Welsh-medium primary schools and increased capacity in 10 Welsh-medium schools already established. In October 2022, additional funding of £7.1m was approved to support a number of projects previously on the Welsh-medium Capital Grant reserve list.
- 2.13.4 Late immersion continues to play an important part in our work to increase the percentage of learners who attend Welsh-medium education. We will therefore continue to allocate funding of £2.2m from the Welsh in Education BEL in 2023-24 to further expand the late immersion provision to support learner progression in Welsh-medium education. In 2022-23, a Welsh-medium Late Immersion Network was established to support local authorities, regional consortia and schools to raise awareness of the different provisions, developments and good practice in place across Wales. This Network will continue during 2023-24.
- 2.13.5 In 2023-24, we will continue to provide funding of £3.031m to Mudiad Meithrin to expand and strengthen this provision. Funding will also continue to enable them to run the Sefydli a Symud / Set up and Succeed (SAS) programme which focuses solely on establishing new Welsh-medium early years provision in areas of Wales where there is a current lack of such services as an access point to Welsh-medium education.
- 2.13.6 We will continue to allocate funding of just over £3m to ensure adequate provision of Welsh-medium and bilingual resources to support the curriculum and its qualifications. In 2022-23, Adnodd, a Welsh Government subsidiary company, was incorporated to provide a strategic oversight to the provision and commissioning of resources. Adnodd will become operational as of 1 April 2023 and grant funding will be allocated in 2023-24 to support Adnodd. A three-year transition plan will be developed with some contracts and grants being funded and managed directly from Welsh Government.

***Information on funding allocated for enhancing the Welsh in education workforce and supporting both learners and schools to move along the Welsh language continuum.***

- 2.13.7 In May 2022, the Welsh in Education Workforce Plan was published with a commitment to increase the funding allocated to support implementation of our actions to increase the number of Welsh-medium teachers and support all teachers to develop their Welsh language skills.

- 2.13.8 As part of last year's budget, funding was made available within the Teacher Development and Support BEL. A total of £1.845m was allocated in 2022-23 (an increase of £1m) with further increases of £0.5m in 2023-24 and £2m in 2024-25.
- 2.13.9 The total funding available in 2023-24 is £8.720m, of which £6.1m is allocated to professional learning (see below). The remainder of the funding will be prioritised to support the aims of the plan and will be mainly targeted at increasing the number of Welsh-medium teachers.
- 2.13.10 The Coleg Cymraeg Cenedlaethol is allocating £0.150m from their grant, which is funded from the Welsh in Education BEL, in 2022-23 to develop two specific projects:
- pilot a financial scholarship and mentoring for undergraduate learners to support them to prepare for ITE through the medium of Welsh
  - develop networks to engage with Welsh-speaking graduates studying in England and promote opportunities for them to return to Wales to prepare to teach.
- 2.13.11 It is hoped that the Coleg will continue to allocate funding from their grant in 2023-24 to continue these projects.
- 2.13.12 We continue to provide incentives for student teachers from Wales undertaking ITE and have maintained the Iaith Athrawon Yfory incentive of £5,000 for each student who is preparing to teach secondary subjects through the medium of Welsh.
- 2.13.13 The National Centre for Learning Welsh is leading on a pilot project to incentivise young Welsh speakers to return from universities to help teach Welsh in schools. A pilot project was held in July 2022 where 15 students from Universities across the UK attended a 2 week course at Cardiff University. A second pilot project will be held in July 2023 which will also include a placement period in a secondary school. It is hoped that this project will attract young people to teaching, and the Learn Welsh sector whilst also helping to increase the use of Welsh in schools.
- 2.13.14 Professional learning is a key feature of our approach to strengthening Welsh-medium teaching capacity and supporting practitioners to develop their Welsh language skills in accordance with the Professional Standards for Teaching and Leadership. We are working with regional consortia and local authorities to ensure that practitioners are identified and supported to engage with professional learning in order to improve the teaching of Welsh in English-medium schools and to support all schools to move along a continuum. Approximately £6.1m will be allocated within the Teacher Development and Support BEL in 2023-24 to this end.
- 2.13.15 Of this funding, £3.6m is allocated to the Sabbatical Scheme to deliver intensive Welsh language and language teaching methodology professional learning for practitioners. Courses are available on a range of levels for teaching assistants and teachers. The majority of this budget funds the supply costs related with releasing practitioners from schools to undertake the courses.
- 2.13.16 In addition to the Sabbatical Scheme, a total of approximately £2.5m will be allocated to the regional consortia and local authorities in 2023-24 to support the local and regional delivery of Welsh language support for practitioners. There is a slight reduction on this budget this year due to the availability of free Welsh language lessons – see next paragraph.
- 2.13.17 Funding allocated to the National Centre for Learning Welsh will also deliver access to free Welsh language lessons to all education practitioners. A new website was launched in July 2022 to provide information to practitioners about the provision available to them via the

## 2.14 Early Years / Foundation Phase

***Information on budget provision to support the harmonisation of funding rates in early years education and childcare and whether the arrangement in 2021-22 (contributions from both the Education and Welsh Language MEG and the Health and Social Services MEG) continued in 2022-23 and will do so in 2023-24.***

2.14.1 Ministers agreed that from January 2021 additional funds should be made available to local authorities to enable them to increase funding to non-maintained nursery settings which deliver early education to help align with the current Welsh Government funding rate for childcare (£4.50) within the Childcare Offer. To ensure an equitable approach across Wales we applied a standard formula to the funding.

2.14.2 In 2021-22 funding of £3.8m (funded jointly from the Health and Social Services MEG and Education MEG) was provided in grants to local authorities to contribute to the harmonisation of funding rates in non-maintained settings. In 2022-23, early education funding was increased by a further £1.5m from the HSS MEG to reflect the increase in the Welsh Government funding rate for childcare (from £4.50 to £5) for the Childcare Offer. A recurrent transfer of £3.4m from the HSS MEG to EWL MEG was allocated in Final Budget 2022-23 to ensure funding is baselined within the Curriculum and Assessment BEL. Our intention is that this support will continue to be provided from 2023-24, and we will continue to consider the importance of early education provision as and when funding for childcare is reviewed.

***Details of any other funding from the Education and Welsh Language MEG to support the non-maintained sector's delivery of early years education and the Curriculum for Wales (recognising that childcare is not in this Minister's portfolio).***

2.14.3 Early years was identified as a priority group during the pandemic. Significant additional resources were provided to support well-being, physical and learning needs. The non-maintained sector benefitted from an additional £13m in 2021-22 through the Education Improvement Grant which supports ratios in schools and support for the non-maintained sector. In addition, £11.75m funding for non-maintained settings via the Recruit, Recover, Raise Standards (RRRS) grant between 2020-21 and 2022-23 has been provided to support emotional, physical and learning development needs. The RRRS budget will continue to support the early years cohort in 2023-24 and in 2024-25. In total this provides a six-year recovery package for learners following the disruption and ongoing impacts of the pandemic on their education as they progress.

2.14.4 The Welsh Government continues to work closely with national childcare umbrella organisations – Early Years Wales, Mudiad Meithrin, National Day Nurseries Association and PACEY Cymru – to support the provision of early education in childcare settings. In 2022-23 financial support of £300k will be provided to enhance the work of those organisations in supporting our youngest learners, and we recognise the importance of this work to continue to support curriculum implementation in 2023-24.

## 2.15 Youth work

### ***Details of how the 2023-24 Education and Welsh Language MEG supports statutory and voluntary youth services and budget provision for meeting the Programme for Government commitments in respect of strengthening youth services.***

- 2.15.1 As a result of additional funding allocated as part of last year's budget, funding for the Youth Engagement and Employment BEL increases by £2.5m to £11.956m in 2023-24, with a further increase of £0.4m to £12.376m by 2024-25. In line with previous years, a further transfer of £3.7m to support Youth Homelessness is expected from the Climate Change MEG in-year to bring the total budget to £15.656m in 2023-24.
- 2.15.2 This allocation will fund a number of grants to support and develop statutory and voluntary youth services in Wales, including funding provided to local authorities via the Youth Support Grant and funding to voluntary youth work organisations via the Strategic Voluntary Youth Work Organisation Grant. Funding will also be allocated to develop and take forward the Interim Youth Work Board's recommendations with the aim of strengthening youth work provision in Wales.
- 2.15.3 These vital preventative services are increasingly reliant on the development of innovative partnership approaches to ensure greater opportunities to support increased numbers of young people from all backgrounds. To bolster these partnerships, additional funding has been allocated to the Youth Support Grant for 2023-24 to enable local authorities to work in collaboration with local and national voluntary organisations to undertake additional work to improve diversity and inclusion within their services as well as develop further opportunities for young people to use their Welsh language skills as part of their youth work offer.
- 2.15.4 This budget contributes heavily towards support for some of our most vulnerable young people, including those with emerging emotional, mental health or wellbeing issues, and those at risk of youth homelessness. This targeted work builds on the Youth Engagement and Progression Framework, improving the ability of local authorities and their partners to identify and broker interventions for those most in need at the earliest opportunity. This includes continuation of £2.5m targeted funding to support young people with emotional wellbeing or mental health needs through non-clinical approaches and community-based youth work support.

### ***Details of how the 2023-24 Education and Welsh Language MEG supports the Youth Work Strategy for Wales and the work of the Implementation Board.***

- 2.15.5 The budget will continue to support the high-level vision set out in the Youth Work Strategy for Wales as well as the work of the Youth Work Strategy Implementation Board who were appointed in October 2022. This includes work on taking forward specific recommendations made by the Interim Youth Work Board, continued engagement with young people via a Young Person's Committee and engagement with the sector via topic-focused Implementation Participation Groups.

## 2.16 Offender Learning

***Information on budget provision in 2023-24, how this compares to previous years and how it is spent.***

2.16.1 The Welsh Government funds (from monies provided to the Welsh Ministers specifically for this purpose by the UK government) the education and learning provision and prison libraries in Welsh public sector prisons through a joint Memorandum of Understanding (MOU) with Her Majesty's Prison and Probation Service (HMPPS). The three-year MOU with HMPPS, which covers the period 2022-25, has been signed and is in operation.

2.16.2 A budget of £7.328m is allocated for offender learning in 2023-24, which is consistent with funding for 2022-23, but an increase of £0.7m on 2021-22. Of this funding, £3.328m is allocated to cover the costs of learning and skills provision in public sector South Wales prisons (HMP Usk/Prescoed, Cardiff and Swansea). A further £4m is allocated to cover the costs of learning and skills provision in public sector North Wales prisons (HMP Berwyn). Any shortfall in funding for HMP Berwyn is picked up by HMPPS. This arrangement accommodated the increasing number of learners in the prison as a result of other prisons in England closing.

## 2.17 Further education, Sixth Forms and Adult Community Learning

***Details of the complete 2022-23 allocations to further education colleges, to include the amounts of all components of the allocation (i.e. full-time, part-time, part-time allowance, deprivation, sparsity and Welsh-medium allowances, maintenance allowance and the Adult Learning Wales adjustment).***

2.17.1 This information has been provided at **Annex F**.

***Details of any hypothecated funding to further education institutions or Sixth Forms beyond their usual core grants.***

2.17.2 At the time of writing, details of the 2023-24 (financial year) sixth form and 2023/24 (academic year) FE college allocations are not available. Hypothecated funding for Mental Health, Professional Learning Fund, Junior Apprenticeships, PLA, Employment Bureau, ALS funding, FCF and SEREN are anticipated to continue in 2023-24.

***Details of any funding provided in the 2023-24 budget for achieving pay parity and/or to meet any pay award to further education institutions and Sixth Forms, including an explanation as to the sufficiency of the funding to meet in full any agreed pay award / pay equivalency over the period of this budget.***

2.17.3 At this stage negotiation of the 2022/23 pay award is still ongoing between the FE sector and unions. However, an additional 5% has been included in the unit rate of funding for the 2022/23 allocations. The sector has been informed that any negotiated pay award will need to be found from within mainstream funding including the unit rate increase. The same 5% increase to the unit rate was applied to school sixth forms. This increase is in line with the IWPRB recommendations that have recently been adopted. The 5% uplift has been consolidated into the 2023-24 budget.

2.17.4 Whilst the FE and sixth form allocations will not be available until the end of January, it is likely that a similar approach will be taken. The Welsh Government will provide a unit rate increase, which will be supported by the £9m increase in funding to the Post-16 Provision BEL in 2023-24, from which FE and sixth forms will need to manage the final pay award.

***Details of the complete 2023-24 Sixth Form allocation broken down by each local authority.***

2.17.5 At the time of writing, details of the 2023-24 Sixth form allocations are not available. The final allocations are based on audited data that has not yet been confirmed. Final allocations will be published before the end of January 2023.

***A copy of the most recent Further Education Financial Forecast Planning Assumptions guidance issued to FEIs.***

2.17.6 The latest financial forecast assumptions guidance is attached at **Annex G**. The assumptions are based upon latest available information at the time of the commissioning of the forecast exercise. They are not mandatory for the exercise, with the colleges able to use their own forecast assumptions, which are usually provided as part of their commentary.

***The allocation for Adult Community Learning broken down by the relevant bodies that directly receive the funding.***

2.17.7 At the time of writing, details of the 2023-24 adult community learning allocations are not available. The final allocations are based on audited data that has not yet been confirmed. Final allocations will be published before the end of January 2023.

***The complete 2022-23 and 2023-24 programme values used in the calculation of FE and Sixth Form funding.***

2.17.8 Programme Values for 2022/23 are at **Annex H**. At the time of writing 2023/24 programme values are not available.

## **2.18 Higher education, and post-16 student financial support**

***Details of the HEFCW allocation, including details of any hypothecated funding, or funding which is intended for specific activities including mental health and student well-being.***

2.18.1 The draft budget includes a revenue allocation of £198.553m for HEFCW in 2023-24. This is in line with the indicative budgets presented last year, which included a £3.5m reduction compared with their 2022-23 revenue allocation. It includes a net reduction of £1.36m: an extra £0.240m to cover an uplift for pay and a transfer of £1.6m to the International Learning Exchange Programme BEL for Global Wales. Ringfenced within the allocation are the following elements:

- £2m to support for mental health and well-being;
- £4m to continue support for our post-graduate STEM, Welsh Language and over 60s incentives bursary schemes; and
- £5m for degree apprenticeships.

2.18.2 Despite a very challenging financial situation we have been able to maintain our commitment to HE, recognising its crucial role in delivering our Programme for Government

commitments and in supporting the social, economic and cultural well-being of Wales, both now and for future generations.

***Details of any 2023-24 allocation intended for the delivery of degree apprenticeships and if it is intended to be used to recruit new apprentices or to teach out existing apprentices.***

2.18.3 The draft budget provides an indicative budget of £9.87m to support in-learning and new apprentices. The HEFCW revenue allocation includes ringfenced funding of £5m to support the delivery of degree apprenticeships in Wales, which maintains the level of support provided from HE budgets in previous years. A further £4.87m has been provided in the Apprenticeships BEL in the Economy MEG which will be transferred in future supplementary budgets.

***Details of any capital funding to be made available to HEFCW, including any restrictions to be placed on it by the Welsh Government.***

2.18.4 Within the HE capital budget, funded from the Education Infrastructure BEL, there is an allocation of £10m for HE estates rationalisation in 2023-24, maintaining the £10m annual investment made in recent years. The funding will enable institutions to continue to invest in projects which reduce the financial risks associated with their estates and help to realise efficiencies in estates management and operations, making them more efficient and sustainable in the longer-term and reducing their environmental impact.

***Details of any contingencies / reserves / non-allocated funds within any of the 2023-24 tertiary education related BELs, including the BELs within the post-16 Learner Support Action; details of how the funds are / can be deployed; and details of any deployment of them during 2022-23.***

2.18.5 In 2022-23 a total of £13m was deferred within the Post-16 Provision BEL to support any 2022/23 pay award. As outlined under section 2.17, whilst the IWPRB recommendation of 5% for the 2022/23 Teachers pay award which has been approved, the FE pay award negotiations are ongoing. A 5% increase in the unit rate of funding has recently been applied, from which both local authority sixth forms and FE colleges will need to manage the 2022/23 pay awards. This approach will not be adopted in 2023-24 where it is anticipated that the full financial year budget will be fully deployed.

2.18.6 Funding within the Student Support Grants BEL of the Post-16 Learner Support Action is demand led, which by definition means that they are difficult to predict, manage or forecast and will fluctuate according to demographics and uptake of HE. Forecasts are produced using the Higher Education Division's student support models (incorporating the most up to date information on a number of variables, including student numbers, inflation rates and other economic data), however as with this financial year, actual results can vary from those predicted. Based on historical underspends and as part of the need to return funding to the Welsh Government reserves for reprioritisation, this budget sees a reduction to the student support grants budget of £11.8m in 2023-24 and £12.8m in 2024-25. Despite this reduction there is no impact on financial grant support to eligible Welsh domiciled students which remains unchanged.

***Grants: A table showing the 2021-22 outturn, and forecast expenditure over the following four years (broken down by students studying in Wales and elsewhere in the UK) for: Full-time undergraduate (FTUG) Tuition Fee Grant; Part-time undergraduate (PTUG) Tuition Fee***

**Grant; PTUG Maintenance Grant; Masters Finance grant element; EMA; and Welsh Government Learning Grant (Further Education) (WGLG(FE)).**

2.18.7 This information has been provided for in **Annex I**.

**Loans provision: A table showing the 2021-22 outturn, and forecast loan outlay over the following four years (broken down by students studying in Wales and elsewhere in the UK) for: FTUG tuition fee and maintenance loan outlay and Resource Accounting and Budgeting (RAB) charge, PTUG tuition fee and maintenance loan outlay and RAB charge, Masters Finance loan element and RAB charge, Doctoral loan outlay and RAB charge**

2.18.8 This information has also been provided at **Annex I**.

## **2.19 Other post-16 education provision**

### ***Details of Personal Learning Account funding***

2.19.1 PLA was launched as a £2m pilot in two colleges in 2019/20 academic year. In 2020/21 this funding was merged with the £10m Skills Development Fund to create a £12m Personal Learning Account programme. During this pilot phase the focus was specifically to upskill or reskill within Health, Engineering, Construction and Digital sectors. Following the pilot year Personal Learning Accounts (PLAs) was rolled out across Wales.

2.19.2 An additional £5.4m was allocated to the programme for 2021-22 financial year, bringing the total programme value to £17.4m. For 2022-23 the programme has a £17.89m allocation. The indicative budget for 2023-24 remains at £17.89m.

2.19.3 On 17 October the Minister for Economy and I jointly announced [£3m skills boost to the digital and green sector](#) which included £2m investment as part of the PLA programme to support individuals to upskill or re-skill in net zero skills and address skills shortage to ensure the future needs of the economy are met.

### ***Details of the Welsh in Education budget including any allocation for the Coleg Cenedlaethol.***

2.19.4 In 2022-23, the core funding of the Coleg Cymraeg Cenedlaethol stands at £7.013m. This includes funding of £5.046m for the Coleg's higher education programme and £0.684m for its Welsh-medium scholarship scheme. In higher education, £4.184m directly supports Welsh-medium provision across universities and subject areas. Essential support is provided through Coleg branches to lecturers, staff development and publications. In post-16, a total of £1.283m has been allocated to support the Further Education and Apprenticeship Welsh-medium Action Plan, which is providing development grants in priority areas including Health and Social Care, Childcare and Public Services.

2.19.5 Within the core funding, the Coleg provides training and mentoring through Sgiliaith, to enable tutors and assessors to gain confidence in teaching bilingually and support for the apprenticeship sector. Additional grant funding from other areas is provided for digital and other resource development, the ambassador project and support for developing Welsh as a subject and Welsh-medium teachers.

2.19.6 The Programme for Government and the Co-operation Agreement includes a commitment to invest in the Coleg Cymraeg Cenedlaethol to increase the amount of Welsh-medium delivery in the apprenticeship and further education sector, and the National Centre for Learning Welsh to provide free Welsh language learning for 16 to 25-year-olds. In last year's budget an extra £8m was allocated up to 2024-25 (£1.5m was allocated for the Coleg in 2022-23, with further increases to support the Coleg and National Centre of £3m in 2023-24 and £3.5m in 2024-25). That funding is being maintained in this budget. The Coleg already has a close working relationship with the National Centre for Learning Welsh and further collaboration will strengthen the support to the Welsh language post-16 sector. From the additional £4.5m allocated as part of the Co-operation Agreement for 2023-24, £2.825m will be provided to the Coleg and £1.675 to the National Centre.

#### ***Details of funding for the International Learning Exchange Programme.***

2.19.7 In my recent **statement**, I provided an update on the International Learning Exchange (Taith). The draft budget allocations to support Taith are £8.1m in 2023-24 and 2024-25. The delivery profile and funding requirements for Taith are currently being reviewed in the context of the first year's applications to ensure that the Programme delivers most effectively for all learners and all sectors in Wales.

#### ***Details of any EU funding expected to be utilised by Welsh Government during 2022-23 to secure tertiary education provision (i.e. within HE, FE, ACL, 6<sup>th</sup> Forms, and excluding apprenticeships)***

2.19.8 There is no expectation of any EU funding being utilised by Welsh Government during 2023-24 to secure any tertiary education provision other than for apprenticeships.

## **2.20 Young Person's Guarantee**

#### ***Details of budget provision from the Education and Welsh Language MEG which contributes to the Young Person's Guarantee.***

2.20.1 FE college, local authority sixth form, local authority adult community learning and PLA funding, allocated from the Post-16 Provision BEL, all contribute to the Young Person's Guarantee. In 2022-23 this is approximately c£455m, made up of all full time 16-25 provision (including renew and reform funding) and a share of part time FE and PLA provision.

## **2.21 Capital funding for school and college infrastructure**

#### ***Information on budget provision for the Sustainable Communities for Learning programme and progress of the programme to date, including expenditure and numbers of projects completed/approved to date, broken down by Band A and Band B.***

2.21.1 Band A is drawing to a close having invested £1.61bn in the infrastructure of schools and colleges within Wales, with the Welsh Government investing £801m. This investment has delivered 172 projects against a target of 150. Of these projects 167 have been completed, with the remainder currently under construction. More than 100,000 learners have benefitted under Band A.

2.21.2 Band B is well under way having officially commenced in April 2019. To date, approval has been granted for 82 Business Justification Cases / Full Business Cases, which represents

41% of the overall Programme target. At present, 29 projects have been completed, which represents 15% of the Programme target. Construction is underway on 19 projects, representing 11% of the Programme target.

- 2.21.3 The 2022-23 budget commits to investing £300m of capital funding with a further £600m over the next two financial years (£300m per annum) to support our Sustainable Communities for Learning Programme. Taken together with other capital funding, this represents an annual capital increase to the EWL MEG of 31.7% for 2022-23 and 33.6% for 2023-24 and 2024-25, when compared to the Programme's 2021-22 baseline. This three-year allocation underpins the Programme's strategic approach towards investment in schools and colleges, providing a sound footing for delivery against our Programme for Government and Cooperation Agreement commitments.
- 2.21.4 In addition, our revenue funded investment stream, the Mutual Investment Model (MIM), will target £500m of investment through the Programme. Following the approval of the MIM Full Business Cases for Rhondda Cynon Taf (3 x new primary schools) and Flintshire (Mynydd Isa 3-16 Learning Campus), the first two MIM Pathfinder projects, both projects have now reached Financial Close. Officials are working closely with Further Education Institutions and WEPCo to address affordability concerns for their projects and these are anticipated to progress towards Financial Close in the very near future.

***The implications of the increases to energy prices and the cost of living for the Sustainable Communities for Learning programme, including any impact on the progress and costs of projects.***

- 2.21.5 Whilst excellent delivery progress has been maintained under the Sustainable Communities for Learning Programme energy prices and the war in Ukraine are having an impact on construction costs. The availability of construction materials and labour has seen costs increase by around 15%. Under the Programme's co-construct approach, we have been working closely with Local Authorities and FE Institutions in managing cost increases jointly.
- 2.21.6 The additional funding secured through the Programme had been intended to accelerate delivery of the Programme through the implementation of a more dynamic rolling programme. In contrast to fixed programme bands, the recently introduced rolling programme approach provides greater flexibility to delivery partners towards the delivery of their priority projects; permitting those that are able to deliver at pace to do so.
- 2.21.7 Whilst it is anticipated that some level of programme acceleration will be achieved, cost pressures associated with increased energy prices and the general cost of living will naturally have an impact on both the Welsh Government's budget as well as our delivery partners budgets. The co-construct delivery framework will see close collaboration maintained as we work a way through these challenging times.

***The financial implications from the Welsh Government's carbon net zero policies and how this affects the 2023-24 draft budget.***

- 2.21.8 From January 2022 all projects delivered under the Sustainable Communities for Learning Programme that had not already been approved at Outline Business Case stage are required to be delivered as net zero carbon in operation, and also to have targets for reducing the embodied carbon associated with construction; about 20% improvement against current good design standards.

- 2.21.9 As witnessed when the BREEAM environmental standards were mandated, an initial increase in costs is being seen. As the sector adapts to the change in standards, and advancements in material manufacture and construction processes adapt, it is reasonable to expect the current 12.5% net zero carbon premium to reduce over time. In the interim, and in order to demonstrate commitment towards addressing climate change, this additional cost is being met through the Welsh Government's contribution to project costs for all remaining projects under the current wave of investment. The increased funding reflected in the Programme's capital budget will help support the additional costs in delivering the net zero carbon schools and colleges commitment.
- 2.21.10 The Sustainable Communities for Learning launched an innovative Sustainable Schools' Challenge through the existing Programme and governance framework which closed for bids on 3 November 2022. Building on the Net Zero Carbon mandate across the Programme, applications were received from local authorities that demonstrate innovative and collaborative design, development, delivery and management of new schools that can make a positive contribution to the environment and surrounding landscape and work with learners in shaping the new Curriculum. 17 local authority applications in all were received with seven being shortlisted by the Programme's Business Case Scrutiny Group. A judging panel, which includes industry specialists in sustainability, is assessing those projects shortlisted. I will be announcing the two successful projects in January. Aimed at primary schools an allocation of up to £30 million will provide 100% funding for two projects, £15 million per project – 1 in north Wales and 1 in south Wales.

## **2.22 Capital funding for childcare**

### ***Information on capital funding from the Education and Welsh Language MEG for the Childcare Offer and Flying Start programme, including the impact of revised eligibility and entitlement.***

- 2.22.1 The Welsh Government will continue to invest capital funding to support the childcare sector with budget provision of £25m allocated within the Education Infrastructure for 2023-24 and 2024-25 financial years. Through this capital funding we are increasing the opportunities for children to access and benefit from high quality early childhood education and care experiences, which are critical in addressing the impacts of disadvantage and tackling the attainment gap.
- 2.22.2 All registered childcare providers will be able to access this funding to support the delivery of small capital investments, as well as major capital investments such as new builds, extensions or major works.
- 2.22.3 The Welsh Government is seeking to expand capacity across all childcare settings (including Flying Start); as such a 'reset' of capital grants available to providers is appropriate. This will support the agreement to expand early years provision to all 2-year-olds and increase in Welsh medium provision and calls for further expansion to support parents to access childcare more generally. It is, therefore, appropriate to move away from a focus solely on the Childcare Offer and Flying Start provision.
- 2.22.4 A new capital grant programme, called the Childcare and Early Years Grant, is now established. It will be open to all registered childcare settings, through their local authority. Given the importance of the Childcare Offer and Flying Start policies the new Grant could still use these criteria as a means of guiding the prioritisation of bids.

## **2.23 Capital funding for the Community Focused Schools initiative**

***Information on budget provision for the Community Hubs and Community Learning Centres grant and an update on progress in increasing the community focused nature of education estates and adapting premises for community use.***

- 2.23.1 Launched in 2019, the £15m Community Hubs Pilot Programme is progressing well. To date, 18 of the 21 one approved projects have been completed with 3 under construction.
- 2.23.2 The benefits of joined-up policy delivery through the Sustainable Communities for Learning Programme are already clear, having been evidenced through the successful delivery of the Welsh Language, Flying Start and Childcare capital investment programmes. We want to build on this by exploring all opportunities and resources available to maximise the wellbeing outcomes for our learners and their communities.
- 2.23.3 The learning, good practice and benefits to learners, their families and wider communities through the work is being translated into revised Design and Costs Standards under the Sustainable Communities for Learning Programme business case process; workshops to facilitate this will be held in December, January and February 2023. The outcome of this will ensure delivery of Community Schools becomes the 'standard' and we expect to see efficiencies emerging as we mainstream Community Schools through the established Sustainable Communities for Learning Programme.
- 2.23.4 Our vision for Community Focused Schools is centred on ensuring schools have positive relationships with families and carers; the school is seen as a hub for the local community and the school works effectively with other agencies to provide support for those who need it.
- 2.23.5 We will continue to work closely with stakeholders in the delivery of this commitment within the capital budget settlement. In [March](#) this year, I announced nearly £25m investment (2022/23) in Community Focused Schools to tackle the impact of poverty, of which £20m was capital funding for practical ways of improving school facilities in order to enable greater community use.

### **Summary**

The Education and Welsh Language MEG Draft Budget for 2023-24 is presented to the Committee for consideration.

**Jeremy Miles MS**

**Minister for Education and Welsh Language**

Paper 02a - Annex A - MEG breakdown by Action and BEL for 2023-24, 2022-23 forecast outturn and 2021-22 final outturns

ANNEX A - EWL MEG breakdown by Action and BEL for 2023-24, 2022-23 forecast outturn and 2021-22 final outturns

Resource

Action	BEL Description	2021-22 Final Outturn £000s	2022-23 Final Budget (March 2022) £000s	2022-23 1st Supplementary Budget (June 2022) £000s	2022-23 Forecast Outturn (Period 7) £000s	2023-24 Draft Budget (Indicative Final Budget 2022-23 - March 2022) £000s	2023-24 Changes £000s	2023-24 Draft Budget (December 2022) £000s	2024-25 Draft Budget (Indicative Final Budget 2022-23 - March 2022) £000s	2024-25 Changes £000s	2024-25 Indicative Draft Budget (December 2022) £000s
Literacy and Numeracy	Literacy & Numeracy	8,885	4,991	4,691	4,691	5,216	-5,216	0	4,716	-4,716	0
<b>Total Literacy and Numeracy</b>		<b>8,885</b>	<b>4,991</b>	<b>4,691</b>	<b>4,691</b>	<b>5,216</b>	<b>-5,216</b>	<b>0</b>	<b>4,716</b>	<b>-4,716</b>	<b>0</b>
Curriculum	Curriculum & Assessment	20,418	14,430	14,330	14,330	14,430	22,034	36,464	14,430	18,194	32,624
	Curriculum Reform	20,084	19,380	19,780	19,580	19,050	-19,050	0	15,710	-15,710	0
	Foundation Phase	168	0	0	0	0	0	0	0	0	0
<b>Total Curriculum</b>		<b>40,670</b>	<b>33,810</b>	<b>34,110</b>	<b>33,910</b>	<b>33,480</b>	<b>2,984</b>	<b>36,464</b>	<b>30,140</b>	<b>2,484</b>	<b>32,624</b>
Teaching and Leadership	Teacher Development and Support	57,988	54,654	54,470	60,004	55,154	-920	54,234	57,154	-920	56,234
<b>Total Teaching and Leadership</b>		<b>57,988</b>	<b>54,654</b>	<b>54,470</b>	<b>60,004</b>	<b>55,154</b>	<b>-920</b>	<b>54,234</b>	<b>57,154</b>	<b>-920</b>	<b>56,234</b>

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Action	BEL Description	2021-22 Final Outturn £000s	2022-23 Final Budget (March 2022) £000s	2022-23 1st Supplementary Budget (June 2022) £000s	2022-23 Forecast Outturn (Period 7) £000s	2023-24 Draft Budget (Indicative Final Budget 2022-23 - March 2022) £000s	2023-24 Changes £000s	2023-24 Draft Budget (December 2022) £000s	2024-25 Draft Budget (Indicative Final Budget 2022-23 - March 2022) £000s	2024-25 Changes £000s	2024-25 Indicative Draft Budget (December 2022) £000s
Qualifications	Qualifications Wales	8,519	9,617	9,525	9,537	9,617	390	10,007	9,617	390	10,007
	Qualifications Wales - Non Cash	220	250	364	362	250	0	250	250	0	250
<b>Total Qualifications</b>		<b>8,739</b>	<b>9,867</b>	<b>9,889</b>	<b>9,899</b>	<b>9,867</b>	<b>390</b>	<b>10,257</b>	<b>9,867</b>	<b>390</b>	<b>10,257</b>
Post-16 Education	Post -16 Provision	642,465	559,103	562,913	559,534	564,903	9,360	574,263	567,703	9,360	577,063
	International Learning Exchange Programme	0	6,500	8,100	8,100	6,500	1,600	8,100	6,500	1,600	8,100
	PCET Reform	446	1,500	1,500	2,174	7,000	-1,000	6,000	6,000	0	6,000
	PCET Reform - Non Cash	0	0	0	0	0	650	650	0	650	650
	Digital Transformation	250	0	0	0	0	0	0	0	0	0
<b>Total Post-16 Education</b>		<b>643,161</b>	<b>567,103</b>	<b>572,513</b>	<b>569,808</b>	<b>578,403</b>	<b>10,610</b>	<b>589,013</b>	<b>580,203</b>	<b>11,610</b>	<b>591,813</b>
Higher Education	HEFCW- Programme Expenditure	263,344	203,413	204,964	205,771	199,913	-1,360	198,553	199,913	-1,360	198,553
	HEFCW- Programme	0	100	100	100	100	0	100	100	0	100

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Action	BEL Description	2021-22 Final Outturn £000s	2022-23 Final Budget (March 2022) £000s	2022-23 1st Supplementary Budget (June 2022) £000s	2022-23 Forecast Outturn (Period 7) £000s	2023-24 Draft Budget (Indicative Final Budget 2022-23 - March 2022) £000s	2023-24 Changes £000s	2023-24 Draft Budget (December 2022) £000s	2024-25 Draft Budget (Indicative Final Budget 2022-23 - March 2022) £000s	2024-25 Changes £000s	2024-25 Indicative Draft Budget (December 2022) £000s
	Expenditure - Non Cash										
<b>Total Higher Education</b>		<b>263,344</b>	<b>203,513</b>	<b>205,064</b>	<b>205,871</b>	<b>200,013</b>	<b>-1,360</b>	<b>198,653</b>	<b>200,013</b>	<b>-1,360</b>	<b>198,653</b>
<b>Education Standards</b>	School Improvement Grant	222,037	171,159	171,159	171,282	163,159	5,500	168,659	154,159	5,500	159,659
	Raising School Standards	22,872	0	0	-411	0	0	0	0	0	0
	School Standards Support	1,065	2,804	1,204	1,555	4,104	2,792	6,896	5,204	2,792	7,996
<b>Total Education Standards</b>		<b>245,974</b>	<b>173,963</b>	<b>172,363</b>	<b>172,426</b>	<b>167,263</b>	<b>8,292</b>	<b>175,555</b>	<b>159,363</b>	<b>8,292</b>	<b>167,655</b>
<b>Pupil Development Grant</b>	Pupil Development Grant	122,263	147,580	147,580	149,714	133,480	9,000	142,480	133,480	9,000	142,480
<b>Total Pupil Development Grant</b>		<b>122,263</b>	<b>147,580</b>	<b>147,580</b>	<b>149,714</b>	<b>133,480</b>	<b>9,000</b>	<b>142,480</b>	<b>133,480</b>	<b>9,000</b>	<b>142,480</b>
<b>ICT &amp; Information Management Systems</b>	Supporting Digital Learning in Education	2,947	4,429	4,429	3,879	4,429	-500	3,929	4,429	-500	3,929
	Supporting Digital Learning in Education - Non Cash	0	0	0	2,488	0	2,488	2,488	0	2,488	2,488

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<b>Total ICT &amp; Information Management Systems</b>		<b>2,947</b>	<b>4,429</b>	<b>4,429</b>	<b>6,367</b>	<b>4,429</b>	<b>1,988</b>	<b>6,417</b>	<b>4,429</b>	<b>1,988</b>	<b>6,417</b>
<b>Wellbeing of children and young people</b>	Additional Learning Needs	31,070	21,091	20,875	19,100	21,091	4,500	25,591	21,091	4,500	25,591
	Food & Nutrition in Schools	6,779	70,315	70,315	59,605	78,915	0	78,915	98,915	0	98,915
	Post 16 Specialist Placements	12,939	13,881	13,881	13,881	13,881	0	13,881	13,881	0	13,881
	Whole School Approach to Wellbeing	2,183	5,200	5,200	5,162	7,400	0	7,400	9,600	0	9,600
	Vulnerable Groups	583	1,150	1,150	1,150	1,150	0	1,150	1,150	0	1,150
<b>Total Wellbeing of children and young people</b>		<b>53,554</b>	<b>111,637</b>	<b>111,421</b>	<b>98,898</b>	<b>122,437</b>	<b>4,500</b>	<b>126,937</b>	<b>144,637</b>	<b>4,500</b>	<b>149,137</b>
<b>Post-16 learner support</b>	Student Support Grants	344,414	358,717	358,717	332,417	358,717	-11,822	346,895	358,717	-12,822	345,895
	SLC/HMRC Administration Costs	20,382	14,643	14,643	22,014	14,643	0	14,643	18,143	0	18,143
	Student Loans Resource Budget Provision	-724,151	459,425	459,425	459,425	488,010	0	488,010	514,341	0	514,341

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	Targeted Student Support Awards	2,370	0	0	0	0	0	0	0	0	0
<b>Total Post-16 learner support</b>		<b>-356,985</b>	<b>832,785</b>	<b>832,785</b>	<b>813,856</b>	<b>861,370</b>	<b>-11,822</b>	<b>849,548</b>	<b>891,201</b>	<b>-12,822</b>	<b>878,379</b>
<b>Pupil Engagement</b>	Tackling Disaffection	8,682	5,405	5,362	5,434	7,905	0	7,905	7,905	0	7,905
	Community Schools	350	3,070	3,070	3,070	5,100	0	5,100	15,920	0	15,920
<b>Total Pupil Engagement</b>		<b>9,032</b>	<b>8,475</b>	<b>8,432</b>	<b>8,504</b>	<b>13,005</b>	<b>0</b>	<b>13,005</b>	<b>23,825</b>	<b>0</b>	<b>23,825</b>
<b>Youth Engagement &amp; Employment</b>	Offender Learning	7,303	7,328	7,328	7,328	7,328	0	7,328	7,328	0	7,328
	Youth Engagement & Employment	13,698	9,456	13,156	12,845	11,956	0	11,956	12,376	0	12,376
<b>Total Youth Engagement &amp; Employment</b>		<b>21,001</b>	<b>16,784</b>	<b>20,484</b>	<b>20,173</b>	<b>19,284</b>	<b>0</b>	<b>19,284</b>	<b>19,704</b>	<b>0</b>	<b>19,704</b>
<b>Delivery Support</b>	Education Communications	448	482	413	462	482	0	482	482	0	482
	Research Evidence and International	851	574	574	574	574	0	574	574	0	574
<b>Total Delivery Support</b>		<b>1,299</b>	<b>1,056</b>	<b>987</b>	<b>1,036</b>	<b>1,056</b>	<b>0</b>	<b>1,056</b>	<b>1,056</b>	<b>0</b>	<b>1,056</b>
<b>Welsh in Education</b>	Welsh in Education	14,856	17,775	17,775	17,611	20,775	0	20,775	24,275	0	24,275

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<b>Total Welsh in Education</b>		<b>14,856</b>	<b>17,775</b>	<b>17,775</b>	<b>17,611</b>	<b>20,775</b>	<b>0</b>	<b>20,775</b>	<b>24,275</b>	<b>0</b>	<b>24,275</b>
<b>Welsh Language</b>	Welsh Language	22,428	22,404	22,404	23,058	22,404	0	22,404	22,404	0	22,404
	Welsh Language Commissioner	3,187	3,207	3,113	3,165	3,207	150	3,357	3,207	150	3,357
	Welsh Language Commissioner - Non Cash	62	120	216	0	120	49	169	120	1	121
<b>Total Welsh Language</b>		<b>25,677</b>	<b>25,731</b>	<b>25,733</b>	<b>26,223</b>	<b>25,731</b>	<b>199</b>	<b>25,930</b>	<b>25,731</b>	<b>151</b>	<b>25,882</b>
<b>Estate &amp; IT Provision</b>	Education Infrastructure	45,800	500	500	2,220	7,000	-2,000	5,000	12,000	-2,000	10,000
<b>Total Estate &amp; IT Provision</b>		<b>45,800</b>	<b>500</b>	<b>500</b>	<b>2,220</b>	<b>7,000</b>	<b>-2,000</b>	<b>5,000</b>	<b>12,000</b>	<b>-2,000</b>	<b>10,000</b>
<b>EDUCATION - TOTAL RESOURCE BUDGET</b>		<b>1,208,205</b>	<b>2,214,653</b>	<b>2,223,226</b>	<b>2,201,211</b>	<b>2,257,963</b>	<b>16,645</b>	<b>2,274,608</b>	<b>2,321,794</b>	<b>16,597</b>	<b>2,338,391</b>

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Capital

Action	BEL Description	2021-22 Final Outturn £000s	2022-23 Final Budget (March 2022) £000s	2022-23 1st Supplementary Budget (June 2022) £000s	2022-23 Forecast Outturn (Period 7) £000s	2023-24 Draft Budget (Indicative Final Budget 2022-23) £000s	2023-24 Changes £000s	2023-24 Draft Budget (December 2022) £000s	2024-25 Draft Budget (Indicative Final Budget 2022-23) £000s	2024-25 Changes £000s	2024-25 Indicative Draft Budget (December 2022) £000s
Curriculum	Curriculum & Assessment	5,500	0	0	0	0	0	0	0	0	0
<b>Total Curriculum</b>		<b>5,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Estate & IT Provision	Education Infrastructure	319,844	353,493	353,493	351,543	369,877	0	369,877	356,714	0	356,714
<b>Total Estate &amp; IT Provision</b>		<b>319,844</b>	<b>353,493</b>	<b>353,493</b>	<b>351,543</b>	<b>369,877</b>	<b>0</b>	<b>369,877</b>	<b>356,714</b>	<b>0</b>	<b>356,714</b>
ICT & Information Management Systems	Supporting Digital Learning in Education	7,462	0	0	0	0	0	0	0	0	0
<b>Total ICT &amp; Information Management Systems</b>		<b>7,462</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Post-16 Learner Support	SLC/HMRC Administration Costs	1,865	2,500	2,500	3,357	2,500	0	2,500	2,500	0	2,500
<b>Total Post-16 learner support</b>		<b>1,865</b>	<b>2,500</b>	<b>2,500</b>	<b>3,357</b>	<b>2,500</b>	<b>0</b>	<b>2,500</b>	<b>2,500</b>	<b>0</b>	<b>2,500</b>
Higher Education	HEFCW-Programme Expenditure	0	100	100	100	100	0	100	100	0	100
<b>Total Higher Education</b>		<b>0</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>
Post-16 Education	Post -16 Provision	13,067	0	0	0	0	0	0	0	0	0
<b>Total Post-16 Education</b>		<b>13,067</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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Action	BEL Description	2021-22 Final Outturn £000s	2022-23 Final Budget (March 2022) £000s	2022-23 1st Supplementary Budget (June 2022) £000s	2022-23 Forecast Outturn (Period 7) £000s	2023-24 Draft Budget (Indicative Final Budget 2022-23) £000s	2023-24 Changes £000s	2023-24 Draft Budget (December 2022) £000s	2024-25 Draft Budget (Indicative Final Budget 2022-23) £000s	2024-25 Changes £000s	2024-25 Indicative Draft Budget (December 2022) £000s
Qualifications	Qualifications Wales	251	250	798	801	250	0	250	250	0	250
<b>Total Qualifications</b>		<b>251</b>	<b>250</b>	<b>798</b>	<b>801</b>	<b>250</b>	<b>0</b>	<b>250</b>	<b>250</b>	<b>0</b>	<b>250</b>
Welsh Language	Welsh Language Commissioner	246	50	50	145	50	0	50	50	0	50
<b>Total Welsh Language</b>		<b>246</b>	<b>50</b>	<b>50</b>	<b>145</b>	<b>50</b>	<b>0</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>50</b>
<b>EDUCATION - TOTAL GENERAL CAPITAL BUDGET</b>		<b>348,235</b>	<b>356,393</b>	<b>356,941</b>	<b>355,946</b>	<b>372,777</b>	<b>0</b>	<b>372,777</b>	<b>359,614</b>	<b>0</b>	<b>359,614</b>
Estate & IT Provision	Education Infrastructure - FT	827	0	0	2,043	0	0	0	0	0	0
<b>Total Estate &amp; IT Provision</b>		<b>827</b>	<b>0</b>	<b>0</b>	<b>2,043</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EDUCATION - TOTAL FT CAPITAL BUDGET</b>		<b>827</b>	<b>0</b>	<b>0</b>	<b>2,043</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EDUCATION - TOTAL CAPITAL BUDGET</b>		<b>349,062</b>	<b>356,393</b>	<b>356,941</b>	<b>357,989</b>	<b>372,777</b>	<b>0</b>	<b>372,777</b>	<b>359,614</b>	<b>0</b>	<b>359,614</b>

Paper 02b – Annex B - Action level commentary within the MEG

**ANNEX B - Action level commentary within the MEG**

**Resource**

***Literacy and Numeracy Action***

**Literacy & Numeracy BEL**

- The Literacy & Numeracy BEL covers various activities supporting the teaching of literacy, numeracy and digital competence, and also includes the ongoing development of our Personalised Assessments for Reading and Numeracy.
- As Curriculum for Wales rollout is now with us, there is a need to rationalise the BEL structure relating to curriculum and assessment work – in essence the Literacy & Numeracy, Curriculum & Assessment and Curriculum Reform BELs are all now funding activity relating to the Curriculum for Wales.
- Literacy, numeracy and digital competence are now embedded throughout the Curriculum for Wales. As a result the Literacy & Numeracy BEL budget of £5.216m is being removed with the entirety of this funding re-allocated to the Curriculum & Assessment BEL.

***Curriculum Action***

**Curriculum & Assessment BEL (See Section 2.5 of Evidence Paper)**

- The Curriculum & Assessment BEL covers a broad range of activity spanning the previous curriculum and now the Curriculum for Wales, including initiatives supporting delivery of STEM subjects, the Arts and Music, Foundation Learning, international languages, and also funding to support developments in terms of assessment.
- The Curriculum & Assessment BEL increases by £22m in 2023-24 and £18.2m in 2024-25 due to transfers in from the Literacy & Numeracy BEL and the Curriculum Reform BEL following the rationalisation of the BEL structures.

**Curriculum Reform BEL (See Section 2.5 of Evidence Paper)**

- Curriculum reform budgets were essential in supporting *Our National Mission* in the implementation of a transformational new curriculum from 2022 and the costs associated with the Curriculum and Assessment (Wales) Act 2021. This budget provided funding for curriculum reform to consortia and schools, and funded programme management and specialist expertise, including secondees. It also supported full stakeholder engagement, communications, evaluation and monitoring and the development and dissemination of new curriculum resources and supporting materials.
- As mentioned above, as the Curriculum for Wales rollout is now with us, a rationalisation of the BEL structures is being undertaken. Therefore, the Curriculum Reform BEL is being removed and entirety of funding transferring to both the Curriculum & Assessment BEL and the School Standards Support BEL.

***Teaching and Leadership Action (See Section 2.4 of Evidence Paper)***

**Teacher Development & Support BEL**

- The budget supports funding for Initial Teacher Education (ITE) including the new 'alternative' ITE routes, the Part-time PGCE and Salaried PGCE available from 2021/22 academic year. The budget also provides funding for Teacher Training incentives (both PGCE HE and FE) and continuing professional development for teaching professionals, including professional learning to prepare schools for the new curriculum. It also funds the Education Workforce Council for administration of Qualified Teacher Status and the Induction Programme in schools, including distribution of funding to support NQT mentoring and support.
- There has been a net decrease in the Teacher development Support BEL of £0.9m in 2023-24 and 2024-25 comprising:
  - £0.060m allocated from reserves in 2023-24 and 2024-25 to provide an uplift for pay for NAEL;
  - £0.360m in 2023-24 and 2024-25 to the Post-16 Provision BEL for FE PGCE; and
  - £0.620m reduction in 2023-24 and 2024-25 due to the reprioritisation of funding from the demand led induction budget. There will be no impact on provision with induction remaining a statutory requirement for all NQTs. The number of NQTs vary from year to year, however early projections based on the number of individuals in ITE this year foresee that there is scope to manage the reprioritisation within the BEL.

***Qualifications Action (See Section 2.12 of Evidence Paper)***

**Qualifications Wales BEL**

- To provide grant in aid to Qualifications Wales (QW), an arm's length body and independent regulator for non-degree qualifications in Wales. Established in 2015 by the Qualifications Wales Act, QW is 100% funded by the Welsh Government.
- The Qualifications Wales budget has increased by £0.39m in 2023-24 and 2024-25 following the allocation from Reserves to provide an uplift for pay. Both the non-cash and capital budgets are being maintained at 2022-23 levels.

***Post-16 Education Action***

- This Action includes funding for provision of AS, A levels and wide range of vocational programmes to 16-19 year olds in Local Authority Sixth forms and FE colleges. It also provides adult part time provision (primarily provision of Basic Skills and English for Speakers of Other Languages (ESOL), in FE Colleges and Local Authority Community Learning venues. The action also supports strategic projects and quality improvement activities designed to improve the delivery of post 16 learning in Wales including support for quality improvement, capacity building and research for the learning and skills sector, The Learning and Work Institute grant funding (including Adult Learners Week), Personal Learning Accounts, developing Careers policy, funding to support the delivery of the Seren network, supporting progression to Sutton Trust universities for the brightest learners; and the International Learning Programme - Taith activities to support international mobility for staff and students. This action also supports costs related to PCET reform in establishing the Commission for Tertiary Education and Research. There is also a non-cash depreciation budget to support the IT investment in the new organisation.

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2.23.6 In this Budget, there is an increase of £10.610m in 2023-24 with budgets rising to £589.013m and £11.610m in 2024-25 taking the budget to £591.813m.

**Post-16 provision BEL (See Section 2.17 of Evidence Paper)**

2.23.7 There is an additional recurrent allocation of £9m from central reserves to review R&R funding and to absorb any further pay pressures for school sixth form and FE sector. The change of £9.360m also includes recurrent transfer of £0.360m from the Teacher Development & Support BEL for FE PGCE.

**International Learning Exchange Programme BEL (See Section 2.19.7 of Evidence Paper)**

2.23.8 The budget increases to £8.1m in 2023-24 and 2024-25 to reflect the transfer of £1.6m Global Wales III funding from the HEFCW Programme Expenditure BEL to deliver Taith.

**Post Compulsory Education and Training (PCET) Reform BEL (See Section 1.5.1 of Evidence Paper)**

- In 2023-24 there is a reduction of £1m as part of the reprioritisation exercise following an assessment of the programme costs of establishing the Commission for Tertiary Education and Research (CTER). The budget is maintained at £6m in 2023-24 and 2024-25.
- There is also an allocation from central reserves of £0.650m for depreciation to support capital investment for the new organisation.

***Higher Education Action (See Section 2.18 of Evidence Paper)***

- This budget contains Grant in Aid funding for HEFCW to deliver the Welsh Government priorities as set out in the Annual Remit letter. HEFCW is also a key partner in taking forward work to establish the Commission for Tertiary Education and Research for Wales. It also includes HEFCW's non-cash allocation.

**HEFCW – Programme Expenditure BEL**

- There is a net decrease in the budget of £1.36m in 2023 and 2024-25 reflecting the transfer the Global Wales III funding of £1.6m to the International Learning Exchange Programme BEL for Taith and offset by £0.24m allocation to provide an uplift for pay.
- The non-cash allocation to support capital investment is maintained at £0.1m in 2023-24 and 2024-25.

***Education Standards Action***

**School Improvement Grant BEL (See Sections 2.2 and 2.9 of Evidence Paper)**

- This BEL provides funding for the Education Improvement Grant (EIG), including Foundation Phase delivery, via the Regional Consortia School Improvement Grant (RCSIG); class sizes grant (until 2022-23); grant funding to local authorities for ethnic minority and Gypsy, Roma and Traveller learners; and funding for the Recruit, Recover and Raise Standards (RRRS) in schools.
- £5.5m has been allocated from Reserves in 2023-24 and 2024-25 to support the continuation of the RRRS Programme.

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**School Standards Support BEL (See Section 2.11 of Evidence Paper)**

- This budget funds systems to enable the statutory collection and reporting of data on schools, learners and the workforce, which provide evidence for high profile policy activity, research and statistics. The funding has a direct link to evidencing and demonstrating improvements in standards and tackling the attainment gap. From 2021-22 the budget also supports participation of Wales in PISA.
- The BEL has increased by £2.792m in 2023-24 and 2024-25 following the allocation from reserves of £0.560m for pay uplifts for Estyn and the transfer of £2.232m from the Curriculum Reform BEL following the rationalisation of BEL structures.

***Pupil Development Grant Action***

**Pupil Development Grant BEL (See Section 2.3 of Evidence Paper)**

- Building on the additional £20m allocated as part of last year's Spending Review, we are allocating a further £9m to the PDG budget from 2023-24.

***ICT and Information Management Systems Action***

**Supporting Digital Learning in Education BEL**

- This funding supports the delivery of the Hwb Programme which provides maintained schools in Wales with access to a wide range of digital learning tools and services which aim to inspire our teachers and learners to confidently embed digital practices, while developing their culture, competencies, skills and knowledge underpinning the curriculum for Wales.
- There is a reduction of £0.5m in 2023-24 and 2024-25 due to the reprioritisation of funding from the Hwb Programme. This reprioritisation is as a result of revenue savings achieved through the capitalisation of the National Microsoft 365 licensing agreement.
- Additional non-cash of £2.488m has been transferred to the MEG to cover the amortisation costs associated with the license.

***Wellbeing of Children and Young People Action***

**Additional Learning Needs BEL (See Section 2.10 of Evidence Paper)**

- **£4.5m** has been allocated from Reserves for additional learning needs, increasing the budget to £25.6m in 2023-24 and 2024-25. This builds on the additional £7m allocated as part of last year's budget to the ALN budget from 2022-23.

**Food & Nutrition in Schools BEL (See Section 2.3.13 onwards of Evidence Paper)**

- The Food and Nutrition in Schools BEL funds a number of programmes including the School Holiday Enrichment Programme (SHEP) and the provision of the free School Milk scheme in the Foundation phase and at Key Stage 2 at a subsidised rate. In addition, it also funds the maintenance and improvements needed to the FSM Eligibility Checking System.
- The budget substantially increased from 2022-23 to fund Co-operation Agreement to rollout Universal Primary Free School Meal provision to primary schools, with allocations of £40m in

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2022-23, £70m in 2023-24 and £90m in 2024-25. Those allocations are being maintained in this budget.

- No further additional allocations have been made as part of Draft Budget 2023-24

**Post 16 Specialist Placements BEL (See Section 2.10.7 of Evidence Paper)**

- The budget provides funding for specialist college placements for learners up to age 25 who require specialist provision in order to access FE suitable to meet their needs. The funding is statutory (not discretionary) and demand led, being allocated on an individual basis according to assessed education and training needs in accordance with Welsh Ministers duties under Section 41 of the Learning and Skills Act. Specialist FE provision is essential in ensuring that those disabled young people whose needs cannot be met in their local college are able to access further education and training suitable to their needs.
- Funding for the Post-16 Specialist placements BEL is being maintained at £13.881m in both 2023-24 and 2024-25.

**Whole School Approach to Wellbeing BEL (See Section 2.6 of Evidence Paper)**

- Funding is provided to support a whole school approach (WSA) to mental health. Draft Budget 2022-23 included extra funding for mental health, including funding to extend counselling provision and rollout of CAMHS in-reach in schools: £3.2m in 2022-23, increasing to £5.4m in 2023-24 and £7.65m by 2024-25 (this includes £1m in 2022-23, £2m in 2023-24 and £3m in 2024-25 for Co-operation agreement for a 'sanctuary model' which will be transferred to HSS MEG in a future Supplementary Budget).
- No further additional allocations have been made as part of Draft Budget 2023-24.

**Vulnerable Groups BEL (See Section 2.3.4 of Evidence Paper)**

- Funding includes the Virtual Schools Grant, anti-racism work, transgender guidance (potential legal fees) and the joint funding with Health and Social Services of the Fostering and Wellbeing Programme. Funding is being maintained at £1.150m in 2023-24 and 2024-25 to support these programmes.

***Post-16 Learner Support Action***

- This Action includes funding for the demand led statutory student support programme accounts for Higher Education (HE) and Further Education (FE). The budget supports Part-Time Grants and Fees, Student Loan Company (SLC) Targeted Grants, Student Support Grants, Tuition Fee Grant and the Education Maintenance Allowance. It also provides the administration fee that is paid to the student loans company, the HMRC administration fee, the Open University's administration of statutory student support for historic student cohorts and policy & implementation along with the non-cash provision for student loans.

**Student Support Grants BEL (See Section 2.18.6 of Evidence Paper)**

- The budget has been reduced by £11.822m in 2023-24 and £12.822m in 2024-25. As student support budgets are demand led they fluctuate according to demographics and uptake of HE. On the basis of historic underspends the budget has been reprioritised.

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**SLC/HMRC Administration Costs BEL**

- The budget is maintained at published levels of £14.643m in 2023-24 and £18.143m in 2024-25, reflecting the forecast increase in costs.

**Student Loans Resource Budget Provision BEL**

- The budget is maintained at published levels of £488.010m in 2023-24 and £514.341m in 2024-25, reflecting the forecast increase in non cash costs.

***Pupil Engagement Action***

**Tackling Disaffection BEL (See Section 2.7 of Evidence Paper)**

- Funding supports activities aimed at improving outcomes for vulnerable/disadvantaged learners through: improving anti-bullying and attendance in school; Hay festival (schools and learners programmes); Educated other than at school (EOTAS), counselling; Home education; attendance; anti-bullying. The budget is maintained at published levels of £7.905m in 2023-24 and 2024-25.

**Community Schools BEL (See Sections 2.3.5 and 2.3.6 of Evidence Paper)**

- Funding supports the Programme for Government commitment to ‘Invest in the learning environment of community schools, co-locating key services and securing stronger engagement with parents and carers outside of traditional hours’ and is used to develop a community schools.
- It also provides funding to take forward the Programme for Government (PfG) commitment to “explore reform of the school day and the school year” in order to address disadvantage, narrow educational inequalities, support learner and staff well-being and bring them more in line with contemporary patterns of family life and employment.
- £3m was allocated from reserves in 2022-23, with funding rising to £5.1m in 2023-24 and £15.92m in 2024-25 to support the reform of the school day and school year, together with community schools. The funding for 2023-24 is being prioritised to support family engagement officers in schools focussed on improving pupil attendance.
- No further additional allocations have been made as part of Draft Budget 2023-24.

***Youth Engagement and Employment Action***

**Offender Learning BEL (See Section 2.16 of Evidence Paper)**

- Funding is provided to Her Majesty’s Prison and Probation Service (HMPPS) to support the provision of prisoner learning and skills in adult prisons. Funding is also available for innovative pilot projects which support the Offender Learning agenda, and to support essential skills delivery for those serving sentences in the community. The Welsh Government has a statutory obligation to provide funding for education in adult prisons in Wales. No further additional allocations have been made as part of Draft Budget 2023-24.

**Youth Engagement & Employment BEL (See Section 2.15 of Evidence Paper)**

- This funding supports activities aimed at improving outcomes for young people (aged 11 to 25), supporting their personal, social, and emotional development whilst driving equality and diversity, as well as their continuing engagement with education, employment and training. In addition, the intention is for youth work and youth engagement and progression activity to

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contribute towards wider government agendas, including mental health and wellbeing, and youth homelessness.

- Additional funding was allocated as part of Draft Budget 2022-23 to take forward the recommendations of the Interim Youth Work Board for a sustainable model for youth work in Wales, including the recruitment of the Youth Work Strategy Implementation Board which will take over from the current Board. The budget is maintained at published levels of £11.956m in 2023-24 and £12.376m in 2024-25.

***Delivery Support Action***

Education Communications BEL

- Funding is allocated to deliver communication activities in relation to education. The budget is maintained at published levels of £0.482m in 2023-24 and 2024-25.

Research Evidence & International BEL

- The budget supports the International Education Programme, including grants to the British Council (including the Welsh Language Patagonia project) and the Holocaust Educational Trust. The budget is maintained at published levels of £0.574m in 2023-24 and 2024-25.

***Welsh in Education Action (See Sections 2.13 and 2.19.4 of Evidence Paper)***

Welsh in Education BEL

- The Welsh in Education BEL supports activities relating to the educational elements of Cymraeg 2050:
  - Funding for Mudiad Meithrin to increase Welsh-medium childcare provision as a pathway into Welsh-medium education;
  - The planning of Welsh-medium education to include preparatory work for the implementation of the new 10 year Welsh in Education Strategic Plans (WESPs) in line with the Welsh in Education Strategic Plans (Wales) (Amendment) (Coronavirus) Regulations 2020, which came into force on 1 December 2020;
  - Commissioning of teaching and learning resources; and
  - Funding for the Coleg Cymraeg Cenedlaethol and the development of post-16 Welsh-medium provision.
- The budget is maintained at published levels of £20.775m in 2023-24 and £24.275m in 2024-25.

***Welsh Language Action (See Section 2.13 of Evidence Paper)***

Welsh Language BEL

- The Welsh Language BEL supports the implementation of the current Welsh Government's strategy for the Welsh language: *Cymraeg 2050*. The activities detailed in the Strategy are implemented in partnership with across the Welsh Government and external stakeholders. The budget is maintained at published levels of £22.404m in 2023-24 and 2024-25.

Welsh Language Commissioner (WLC) BEL

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- This BEL funds the WLC in running cost areas that include staff, accommodation, legal and professional costs, training and recruitment, and IT to support the work of the WLC in a wide range of functions and powers.
- The Welsh Language Commissioner budget has increased by £0.150m in 2023-24 and 2024-25 following the allocation from Reserves to provide an uplift for pay.
- Non-cash allocations of £0.049m in 2023-24 and £0.001m in 2024-25 have been transferred from reserves for the Welsh Language Commissioner depreciation.

***Estates and IT Provision Action***

**Education Infrastructure BEL**

- This BEL provides the revenue funding required to support the Sustainable communities for Learning Programme.
- Funding was allocated for the first time as part of Draft Budget 2022-23 with £0.5m in 2022-23, £7m in 2023-24 and £12m in 2024-25. This budget is allocated to support the Annual Services Charges (ASCs) for the Mutual Investment Model (MIM), as well as revenue costs associated with the wider delivery of the programme, including Net Zero Carbon survey and Welsh-medium schools grant.
- £2m in 2023-24 and 2024-25 has been reprioritised from the MIM Programme. This reprioritisation has been achieved due to delays associated with MIM scheme, specifically the MIM Education Pathfinder projects for Flintshire and RCT, with the ASCs not due to commence until 2024-25.

**Capital (See Sections 2.21 to 2.23 of Evidence Paper)**

- No additional capital allocations have been made as part of Draft Budget 2023-24.

***Estates and IT Provision Action***

**Education Infrastructure BEL**

- The BEL supports the Sustainable Communities for Learning Programme, which is a long term strategic investment in our education infrastructure in Wales, developed in partnership between Welsh Government and major education stakeholders (local authorities, further education institutions and Catholic and Church in Wales Dioceses). As well as the capital funding of the main programme, the budget also supports various other grant funded schemes to deliver our education priorities, including Community Focussed Schools, Welsh Medium, Childcare, EdTech programme, class sizes, Flying Start and Community hubs. The budget also supports capital funding for Higher Education (HE) maintenance and funding for Higher Education Research Capital (HERC), which is match funded by Department for Business Energy and Industrial Strategy (BEIS).
- The budget is maintained at £369.877m in 2023-24 and £365.714m in 2024-25.

### ***Post-16 Learner Support Action***

#### SLC/HMRC Administration Costs BEL

- The budget is maintained at £2.5m in 2023-24 and 2023-24 for Student Loans Company capital requirements.

### ***Higher Education Action***

#### HEFCW Programme Expenditure BEL

- The budget is maintained at £0.1m per annum for HEFCW's capital requirements.

### ***Qualifications Action***

#### Qualifications Wales BEL

3. The budget is maintained at £0.25m per annum for Qualification Wales capital requirements.

### ***Welsh Language Action***

#### Welsh Language Commissioner BEL

- The budget is maintained at £0.05m per annum for the Welsh Language Commissioner capital requirements.

Paper 02c – Annex C – Transfers anticipated for the EWL MEG in the Second Supplementary Budget 2022-23

**ANNEX C – Transfers anticipated for the EWL MEG in the Second Supplementary Budget 2022-23**

<b>Fiscal Resource Reserve Transfers</b>	<b>BEL</b>	<b>£000</b>
Pay parity	HEFCW-Programme Expenditure	7
Transfer in from the Health & Social Services MEG - extension of NHS Wales Bursary arrangements put in place for 2017/18 for students studying health related subjects in Wales (2019-20 and 2020-21 cohorts)	Student Support Grants	1,400
Transfer in from the Economy MEG - Net Zero Skills Pilot	Post-16 Provision	1,000
<b>Total Resource Reserve Transfers</b>		<b>2,407</b>
<b>MEG to MEG Transfers</b>		
Transfer out to the Economy MEG - marketing of Wales during the World Cup	Education Communications	-20
<b>Total MEG to MEG Transfers</b>		<b>-20</b>
<b>TOTAL RESOURCE TRANSFERS – 2nd SUPP BUDGET</b>		<b>2,387</b>

Paper 02d – Annex D – Regional Consortia School Improvement Grant (RCSIG) allocations for 2022-23

**ANNEX D – Regional Consortia School Improvement Grant (RCSIG) allocations for 2022-23**

<b>Funding Description</b>	<b>All Wales 2022-23, £</b>
Regional support for curriculum and assessment reform	3,400,000
National Network schools engagement	3,000,000
Schools curriculum & assessment reform, including learning progression	6,346,000
Well-being in learning	330,000
Curriculum reform professional learning programme	3,200,000
School-led professional learning, enquiry & research to realise curriculum	3,200,000
Professional learning for developing practice and reflection (RALD/ WCLD, SLO, Pedagogy, Professional Standards)	1,100,000
Higher Level Teaching Assistants (HLTA) - & TALP	950,000
Welsh - Professional Development	2,700,000
A Level Improvement	800,000
All Age Schools - Support for Research and Collaborative Projects	100,000
Induction / Early Career support package	250,000
Future Leadership Programme (Aspiring, middle leaders including Coaching & Mentoring support)	1,000,000
National Professional Qualification for Headship (NPQH)	645,500
National Welsh in Education Project Manager	70,000
Pedagogy research design	80,000
Welsh Medium Pilot - Gap Year project	46,820
Welsh Medium Pilot - Secondments project	126,000
Regional support for Modern languages - (Modern Foreign Languages (Global Futures))	462,000
Modern Foreign Languages – building capacity for MFL in the primary sector	271,000
Literacy & Numeracy Grant	500,000
Primary LNF Oracy Scheme for Wales	400,000
Digital Competence Framework	100,000
Coding & Digital Skills	300,000
Professional Learning funding for schools	12,000,000
Remote instruction of Language and Literacy	145,000
Multi-agency support approach - EAS only	10,000
Education Improvement Grant for Schools (EIG) - Total	120,159,000
Support Collaborative Working & Help Develop Capacity in Consortia - Helen Richards EAS	70,000
Building Capacity in Leadership	60,000
Funding to Support System Preparation for International Tests	250,000

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<b>Funding Description</b>	<b>All Wales 2022-23, £</b>
National Professional Qualification for Headship (NPQH)	45,500
Welsh-medium capacity grant	322,899
Tranche 2 Development Costs - Supporting Vulnerable Learners	185,000
Coaching and mentoring Phase 3 (GWE only)	150,000
Pedagogy research design GWE only	20,000
<b>Total RCSIG</b>	<b>162,794,719</b>

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All Wales 22-23 £				Former ERW			
	CSC	EAS	GwE	Powys	NPT	Ceredigion	Partneriaeth
162,794,719	48,842,538	31,453,310	37,176,360	6,601,799	7,273,743	3,718,289	27,728,677

Paper 02e – Annex E – UPFSM Revenue Grant Allocations

ANNEX E – UPFSM Revenue Grant Allocations

	Revenue Allocation 2022-23	Capital Allocation 2022-23
Anglesey	£554,864	£832,177
Gwynedd	£795,965	£1,570,244
Conwy	£807,685	£1,244,756
Denbighshire	£331,178	£1,203,238
Flintshire	£648,626	£1,767,034
Wrexham	£740,043	£1,500,117
Powys	£694,166	£1,538,958
Ceredigion	£614,470	£798,300
Pembrokeshire	£1,167,325	£1,330,558
Carmarthenshire	£995,542	£2,198,448
Swansea	£590,360	£2,526,996
NPT	£855,737	£1,554,885
Bridgend	£816,057	£1,627,787
Vale of Glamorgan	£1,317,679	£1,593,112
RCT	£1,767,061	£2,836,535
Merthyr Tydfil	£478,852	£666,159
Caerphilly	£1,599,631	£2,077,239
Blaenau Gwent	£552,521	£667,974
Torfaen	£727,988	£1,001,244
Monmouthshire	£757,456	£853,045
Newport	£1,482,095	£1,788,842
Cardiff	1,026,684	£3,822,354
<b>TOTAL ALL WALES</b>	<b>£19,321,985</b>	<b>£35,000,000</b>

Paper 02f – Annex F – 2022-23 allocations for Further Education colleges

ANNEX F – 2022-23 allocations for Further Education colleges

	Full Time Allocation 2022/23	Part Time Allocation (exc uplift) 2022/23	Part Time Allowance	Total Part Time Allocation	Deprivation Uplift	Sparsity Uplift	Welsh Medium Allowance	3% Centrally Retained Allowance	2% Maintenance Allowance	5% increase in unit rate of funding (added December 2022)	Total allocation 2022/23
	£	£	£	£	£	£	£	£	£	£	£
Bridgend College	13,656,711	2,474,752	494,950	2,969,703	792,626	0	30,000	483,944	322,629	911,281	<b>19,166,894</b>
Cardiff & Vale College	27,954,611	7,050,017	1,410,003	8,460,020	2,571,394	0	30,000	1,050,139	700,093	2,036,813	<b>42,803,070</b>
Coleg Cambria	33,323,619	5,819,753	1,163,951	6,983,704	1,571,281	755,863	115,000	1,174,301	782,867	2,191,789	<b>46,898,425</b>
Coleg Gwent	37,920,930	6,253,443	1,250,689	7,504,132	2,661,012	0	230,000	1,325,231	883,487	2,514,740	<b>53,039,533</b>
Coleg Sir Gar	16,809,617	2,616,695	523,339	3,140,034	524,616	593,701	1,061,250	582,789	388,526	1,072,279	<b>24,172,813</b>
Coleg y Cymoedd	25,262,488	4,093,907	818,781	4,912,688	2,582,058	0	29,756	880,692	587,128	1,711,253	<b>35,966,063</b>
Gower College Swansea	21,538,093	3,042,686	608,537	3,651,223	1,600,565	0	115,000	737,423	491,616	1,400,946	<b>29,534,867</b>
Grwp Llandrillo Menai	30,803,282	5,055,930	1,011,186	6,067,117	1,538,213	2,517,412	2,156,250	1,075,776	717,184	2,010,079	<b>46,885,313</b>
Grwp NPTC Group	19,478,041	4,031,373	806,275	4,837,648	1,122,403	2,532,404	30,000	705,282	470,188	1,330,678	<b>30,506,644</b>
Merthyr Tydfil College	8,973,505	729,114	145,823	874,937	784,603	0	30,000	291,079	194,052	555,909	<b>11,704,084</b>
Pembrokeshire College	10,287,189	1,486,749	297,350	1,784,099	254,975	367,873	30,000	353,218	235,479	645,748	<b>13,958,582</b>

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	Full Time Allocation 2022/23	Part Time Allocation (exc uplift) 2022/23	Part Time Allowance	Total Part Time Allocation	Deprivation Uplift	Sparsity Uplift	Welsh Medium Allowance	3% Centrally Retained Allowance	2% Maintenance Allowance	5% increase in unit rate of funding (added December 2022)	Total allocation 2022/23
	£	£	£	£	£	£	£	£	£	£	£
St David's Catholic Sixth Form College	6,576,453	181,020	36,204	217,224	539,470	0	15,000	202,724	135,149	383,551	<b>8,069,572</b>
Adult Learning Wales	0	4,246,919	849,384	5,096,303	252,252	190,425	30,243	127,408	84,938	278,045	<b>6,059,613</b>
	<b>252,584,539</b>	<b>47,082,359</b>	<b>9,416,472</b>	<b>56,498,831</b>	<b>16,795,469</b>	<b>6,957,679</b>	<b>3,902,499</b>	<b>8,990,007</b>	<b>5,993,338</b>	<b>17,043,111</b>	<b>368,765,472</b>

Paper 02g – Annex G - Further Education Financial Forecast  
Assumptions 2022-23

**ANNEX G - FURTHER EDUCATION FINANCIAL FORECAST ASSUMPTIONS 2022-23**

**Note:**

1. These assumptions are for planning purposes only to ensure comparability between institutions and are not to be taken as indicative funding forecasts or advice on future pay agreements.
2. They are on an advisory basis and if any college feels that they are not appropriate to their own circumstances alternative assumptions can be used provided they are disclosed within the forecast.
3. These assumptions should be read in conjunction with any publications from Welsh Government giving specific advice on other funding streams.

**Welsh Government grant funding**

Institutions should use the final allocations for the 2022/23 academic years that have been notified.

**Pay**

Assume a 0% pay award for each year.

**Pensions**

Pensions forecasts should be based upon the latest available information for the relevant schemes.

**European funding**

European funding should be based on an individual institution assessment of the projects they have ongoing applying due consideration to the impact of Brexit.

**Capital**

All planned and approved capital projects should be included.

**Maintenance funding**

Assume no additional back log maintenance for 2022 / 23 and successive years

**Work Based Learning**

Institutions should use the allocations for the 2022/23 academic year that have been recently notified.

**Cost inflation**

The GDP deflator can be viewed as a measure of general inflation in the domestic economy. The latest GDP deflators, as at June 2021 (*Economic and fiscal outlook*), are:

Financial Year	%
2022-23	4.05%
2023-24	2.41%
2024-25	1.85%
Source: UK Gov Nat Statistics March 2022	

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Institutions should use these rates for increases in non-pay costs unless they have more specific information, stating the exceptions.

**Bank base rate**

The current bank base rate is 0.75%. If this is increased or decreased prior to the completion of the forecasts please use the most up to date value. However, we recognise that some colleges will have different arrangements for borrowing ie. some will have fixed rate loans and other variable rates and we would ask that you make appropriate assumptions based on predicted rates.

**Pension liabilities**

Institutions should assume no movement in the pension liability unless specific further information is known from actuarial reports, which should be disclosed.

**Targets**

Institutions should take account of learning targets that have been set and associated clawback if targets are not met.

**Sensitivity analysis**

Due to the lack of information at the current time over the Welsh future budgets we are continuing to recommend sensitivity analysis of 2.5% and 5% in recurrent funding, including any Work Based Learning income. However clearly inflation is very volatile at the current time and therefore if colleges wish to include higher sensitivities in some areas then you are of course welcome to do so.

**Key Risks**

Please include any key risks you consider material to your forecasts within the narrative section on the Analysis tab.

Paper 02h – Annex H – 2022/23 Programme values for calculation of FE and Sixth form funding

**ANNEX H – 2022/23 Programme values for calculation of FE and Sixth form funding**

Programme Code	Programme Title	2022/23 Programme Value
0004A02B	4 GCSEs	£3,175
0005A02B	5+ GCSEs	£3,837
0006A02B	5 GCSEs equivalent	£3,837
0013A03B	3 AS	£3,387
0013B03B	3 AS equivalent	£3,387
0013C03B	2 AS plus WBQ	£3,387
0013D03B	2 AS equivalent plus WBQ	£3,387
0014A03B	4+ AS	£4,339
0014B03B	4+ AS equivalent	£4,339
0014C03B	3 AS plus WBQ	£4,339
0014D03B	3 AS equivalent plus WBQ	£4,339
0015C03B	4+ AS plus WBQ	£5,292
0015D03B	4+ AS equivalent plus WBQ	£5,292
0022A03B	2 A2	£2,434
0022B03B	2 A2 equivalent	£2,434
0023A03B	3 A2	£3,387
0023B03B	3 A2 equivalent	£3,387
0023C03B	2 A2 plus WBQ	£3,387
0023D03B	2 A2 equivalent plus WBQ	£3,387
0024A03B	4+ A2	£4,339
0024B03B	4+ A2 equivalent	£4,339
0024C03B	3 A2 plus WBQ	£4,339
0024D03B	3 A2 equivalent plus WBQ	£4,339
0025C03B	4+ A2 plus WBQ	£5,292
0025D03B	4+ A2 equivalent plus WBQ	£5,292
0030A03B	International Baccalaureate Diploma (Year 1 or 2)	£5,292
0103A01B	Health and Social Care level 1	£4,547
0103A02B	Health and Social Care level 2	£4,100
0103A02D	Health and Social Care with Increased Workplace Learning Level 2	£4,314
0103A23B	Health and Social Care Accelerated Learning Level 2-3	£4,944
0103A03B	Health and Social Care level 3	£4,100
0103A03B12	Health and Social Care level 3 - Year 1 of a 2 year course	£4,100
0103A03B22	Health and Social Care level 3 - Year 2 of a 2 year course	£4,100
0103AAAB	Access to HE Healthcare	£3,262
0103AE0B	Health and Social Care Entry Level	£4,547
0103B02B	Complementary Therapies level 2	£4,100
0103B03B	Complementary Therapies level 3	£4,100
0103B03B12	Complementary Therapies level 3 - Year 1 of a 2 year course	£4,100

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Programme Code	Programme Title	2022/23 Programme Value
0103B03B22	Complementary Therapies level 3 - Year 2 of a 2 year course	£4,100
0103BAAB	Access to HE Social Care	£3,262
0103CAAB	Access to HE Social Science	£3,262
0104A01B	Public Services level 1	£4,922
0104A12B	Public Services Accelerated Learning Level 1-2	£5,789
0104A02B	Public Services level 2	£4,546
0104A03B	Public Services level 3	£4,546
0104A03B12	Public Services level 3 - Year 1 of a 2 year course	£4,546
0104A03B22	Public Services level 3 - Year 2 of a 2 year course	£4,546
0105A01B	Childcare Development Level 1	£4,445
0105A02B	Childcare Development Level 2	£4,828
0105A02D	Childcare Development Level 2 with Increased Workplace Learning	£4,455
0105A03B	Childcare Development Level 3	£3,980
0105A03B12	Childcare Development Level 3 - Year 1 of a 2 year course	£3,980
0105A03B22	Childcare Development Level 3 - Year 2 of a 2 year course	£3,980
0201AAAB	Access to HE Science	£3,612
0201BAAB	Access to HE Environmental Science	£3,612
0201CAAB	Access to HE Bio Science	£3,612
0201C02B	Applied Science level 2	£4,553
0201C03B	Applied Science Level 3	£4,553
0201C03B12	Applied Science Level 3 - Year 1 of a 2 year course	£4,553
0201C03B22	Applied Science Level 3 - Year 2 of a 2 year course	£4,553
0201C03D	Applied Science Level 3 with Increased Workplace Learning	£4,655
0201DAAB	Access to HE Forensic Science	£3,612
0201EAAB	Access to HE Health Science	£3,612
0301A01B	Land-based Studies Level 1	£7,205
0301A02B	Land-based Studies Level 2	£7,205
0301A03D	Land-based Studies Level 3 with Increased Workplace Learning	£9,674
0301A03B	Land-based Studies Level 3	£7,205
0301A03B12	Land-based Studies Level 3 - Year 1 of a 2 year course	£7,205
0301A03B22	Land-based Studies Level 3 - Year 2 of a 2 year course	£7,205
0301AE0B	Land-based Studies Level E	£7,205
0302A01B	Horticulture and Forestry 1	£7,054
0302A12B	Horticulture and Forestry Accelerated Learning Level 1-2	£8,070
0302A02B	Horticulture and Forestry 2	£7,054
0302A03B	Horticulture and Forestry 3	£7,054
0302A03B12	Horticulture and Forestry 3 - Year 1 of a 2 year course	£7,054
0302A03B22	Horticulture and Forestry 3 - Year 2 of a 2 year course	£7,054
0302B01B	Floristry Level 1	£7,054
0302B02B	Floristry Level 2	£7,054
0302B03B	Floristry Level 3	£7,054
0302B03B12	Floristry Level 3 - Year 1 of a 2 year course	£7,054
0302B03B22	Floristry Level 3 - Year 2 of a 2 year course	£7,054
0303A01B	Equine Studies Level 1	£7,033
0303A02B	Equine Studies Level 2	£7,033
0303A03B	Equine Studies Level 3	£7,033

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<b>Programme Code</b>	<b>Programme Title</b>	<b>2022/23 Programme Value</b>
0303A03B12	Equine Studies Level 3 - Year 1 of a 2 year course	£7,033
0303A03B22	Equine Studies Level 3 - Year 2 of a 2 year course	£7,033
0303AE0B	Horse Care level Entry	£7,033
0303B01B	Animal Care level 1	£7,033
0303B02B	Animal Care level 2	£7,033
0303B03B	Animal Care level 3	£7,033
0303B03B12	Animal Care level 3 - Year 1 of a 2 year course	£7,033
0303B03B22	Animal Care level 3 - Year 2 of a 2 year course	£7,033
0303C02B	Veterinary Nursing level 2	£7,033
0303C03B	Veterinary Nursing level 3	£7,033
0303C03B12	Veterinary Nursing level 3 - Year 1 of a 2 year course	£7,033
0303C03B22	Veterinary Nursing level 3 - Year 2 of a 2 year course	£7,033
0304A01B	Countryside & Environment Level 1	£7,076
0304A02B	Countryside & Environment Level 2	£7,076
0304A03B	Countryside & Environment Level 3	£7,076
0304A03B12	Countryside & Environment Level 3 - Year 1 of a 2 year course	£7,076
0304A03B22	Countryside & Environment Level 3 - Year 2 of a 2 year course	£7,076
0304A03D	Countryside & Environment Level 3 with Increased Workplace Learning	£7,915
0401A01B	Manufacturing and Engineering Level 1	£7,117
0401A12B	Manufacturing and Engineering Accelerated Learning Level 1-2	£8,090
0401A02B	Manufacturing and Engineering Level 2	£7,117
0401A03B	Manufacturing and Engineering Level 3	£7,117
0401A03B12	Manufacturing and Engineering Level 3 - Year 1 of a 2 year course	£7,117
0401A03B22	Manufacturing and Engineering Level 3 - Year 2 of a 2 year course	£7,117
0401AAAB	Access to HE Engineering	£5,570
0401AE0B	Engineering Studies Level E	£7,117
0401B12B	Electrical/ Electronic Engineering Accelerated Learning Level 1-2	£9,912
0401B02B	Electrical/Electronic Engineering Level 2	£7,117
0401B03B	Electrical/Electronic Engineering Level 3	£7,117
0401B03B12	Electrical/Electronic Engineering Level 3 - Year 1 of a 2 year course	£7,117
0401B03B22	Electrical/Electronic Engineering Level 3 - Year 2 of a 2 year course	£7,117
0401C01B	Fabrication and Welding level 1	£7,117
0401C02B	Fabrication and Welding level 2	£7,117
0401C03B	Fabrication and Welding level 3	£7,117
0401C03B12	Fabrication and Welding level 3 - Year 1 of a 2 year course	£7,117
0401C03B22	Fabrication and Welding level 3 - Year 2 of a 2 year course	£7,117
0401D02B	Aerospace Engineering Level 2	£7,117
0401D03B	Aerospace Engineering Level 3	£7,117
0401D03B12	Aerospace Engineering Level 3 - Year 1 of a 2 year course	£7,117
0401D03B22	Aerospace Engineering Level 3 - Year 1 of a 2 year course	£7,117
0401E02B	Electrical Engineering level 2	£7,117
0401E03B	Electrical Engineering level 3	£7,117
0401E03B12	Electrical Engineering level 3 - Year 1 of a 2 year course	£7,117

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Programme Code	Programme Title	2022/23 Programme Value
0401E03B22	Electrical Engineering level 3 - Year 2 of a 2 year course	£7,117
0401F02B	Land based Engineering Level 2	£7,117
0401F03B	Land based Engineering Level 3	£7,117
0401F03B12	Land based Engineering Level 3 - Year 1 of a 2 year course	£7,117
0401F03B22	Land based Engineering Level 3 - Year 2 of a 2 year course	£7,117
0401F03D	Land based Engineering Level 3 with Increased Workplace Learning	£7,952
0401G02B	Marine Engineering Level 2	£7,117
0401G03B	Marine Engineering Level 3	£7,117
0401G03B12	Marine Engineering Level 3 - Year 1 of a 2 year course	£7,117
0401G03B22	Marine Engineering Level 3 - Year 2 of a 2 year course	£7,117
0401H01B	Automotive Engineering level 1	£7,117
0401H12B	Automotive Engineering Accelerated Learning Level 1-2	£7,850
0401H02B	Automotive Engineering level 2	£7,117
0401H03B	Automotive Engineering level 3	£7,117
0401H03B12	Automotive Engineering level 3 - Year 1 of a 2 year course	£7,117
0401H03B22	Automotive Engineering level 3 - Year 2 of a 2 year course	£7,117
0401I02B	Enhanced Engineering Level 2	£11,778
0401I03B	Enhanced Engineering Level 3	£11,778
0402C02B	Wood Machining level 2	£5,608
0402E01B	Furniture Level 1	£5,812
0402E02B	Furniture Level 2	£5,608
0402E03B	Furniture Level 3	£5,608
0402E03B12	Furniture Level 3 - Year 1 of a 2 year course	£5,608
0402E03B22	Furniture Level 3 - Year 2 of a 2 year course	£5,608
0403A02B	Operations and Maintenance level 2	£7,118
0403A03B	Operations and Maintenance level 3	£7,118
0403A03B12	Operations and Maintenance level 3 - Year 1 of a 2 year course	£7,118
0403A03B22	Operations and Maintenance level 3 - Year 2 of a 2 year course	£7,118
0500A02B	Construction Level 2 - Foundation	£7,788
0500B02B	Construction Level 2 - Progression	£7,788
0502A01B	Construction level 1	£7,099
0502A02B	Construction level 2	£7,099
0502A03B	Construction Level 3	£7,099
0502A03B12	Construction Level 3 - Year 1 of a 2 year course	£7,099
0502A03B22	Construction Level 3 - Year 2 of a 2 year course	£7,099
0502AE0B	Construction & Built Environment Level E	£7,099
0502B03B	Brickwork level 3	£7,099
0502B03B12	Brickwork level 3 - Year 1 of a 2 year course	£7,099
0502B03B22	Brickwork level 3 - Year 2 of a 2 year course	£7,099
0502C03B	Carpentry & Joinery level 3	£7,099
0502C03B12	Carpentry & Joinery level 3 - Year 1 of a 2 year course	£7,099
0502C03B22	Carpentry & Joinery level 3 - Year 2 of a 2 year course	£7,099
0502D03B	Painting and Decorating level 3	£7,099
0502D03B12	Painting and Decorating level 3 - Year 1 of a 2 year course	£7,099
0502D03B22	Painting and Decorating level 3 - Year 2 of a 2 year course	£7,099

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Programme Code	Programme Title	2022/23 Programme Value
0502E03B	Trowel Trades Level 3	£7,099
0502E03B12	Trowel Trades Level 3 - Year 1 of a 2 year course	£7,099
0502E03B22	Trowel Trades Level 3 - Year 2 of a 2 year course	£7,099
0502F03B	Plumbing level 3	£7,099
0502F03B12	Plumbing level 3 - Year 1 of a 2 year course	£7,099
0502F03B22	Plumbing level 3 - Year 2 of a 2 year course	£7,099
0502G03B	Gas installation and Maintenance level 3	£7,099
0502G03B12	Gas installation and Maintenance level 3 - Year 1 of a 2 year course	£7,099
0502G03B22	Gas installation and Maintenance level 3 - Year 2 of a 2 year course	£7,099
0502H03B	Wall and Floor Tiling level 3	£7,099
0502H03B12	Wall and Floor Tiling level 3 - Year 1 of a 2 year course	£7,099
0502H03B22	Wall and Floor Tiling level 3 - Year 2 of a 2 year course	£7,099
0502J03B	Plant Maintenance level 3	£7,099
0502J03B12	Plant Maintenance level 3 - Year 1 of a 2 year course	£7,099
0502J03B22	Plant Maintenance level 3 - Year 2 of a 2 year course	£7,099
0502K03B	Electrical Installation level 3	£7,099
0502K03B12	Electrical Installation level 3 - Year 1 of a 2 year course	£7,099
0502K03B22	Electrical Installation level 3 - Year 2 of a 2 year course	£7,099
0601A01B	IT Practitioners level 1	£5,081
0601A02B	IT Practitioners level 2	£4,734
0601A03B	IT Practitioners level 3	£4,734
0601A03B12	IT Practitioners level 3 - Year 1 of a 2 year course	£4,734
0601A03B22	IT Practitioners level 3 - Year 2 of a 2 year course	£4,734
0601AAAB	Access to HE - Applied Computing	£3,737
0601B02B	Enhanced IT Programme Level 2	£8,695
0601B03B	Enhanced IT Programme Level 3	£8,695
0601C03B	Enhanced IT / Engineering Hybrid Programme	£8,695
0602A01B	IT Users level 1	£5,098
0602A02B	IT Users level 2	£4,754
0602A03B	IT Users level 3	£4,754
0602A03B12	IT Users level 3 - Year 1 of a 2 year course	£4,754
0602A03B22	IT Users level 3 - Year 2 of a 2 year course	£4,754
0602AE0B	Information Technology Level E	£5,098
0701A01B	Retail level 1	£4,957
0701A02B	Retail level 2	£4,586
0701A03B	Retail level 3	£4,586
0701A03B12	Retail level 3 - Year 1 of a 2 year course	£4,586
0701A03B22	Retail level 3 - Year 2 of a 2 year course	£4,586
0701AE0B	Retail Level E	£4,957
0703A01B	Hair and Beauty level 1	£5,090
0703A12B	Hair and Beauty Accelerated Learning Level 1-2	£6,386
0703A02B	Hair and Beauty level 2	£4,745
0703A03B	Hair and Beauty level 3	£4,745
0703A03B12	Hair and Beauty level 3 - Year 1 of a 2 year course	£4,745

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Programme Code	Programme Title	2022/23 Programme Value
0703A03B22	Hair and Beauty level 3 - Year 2 of a 2 year course	£4,745
0703AE0B	Hair and Beauty Level E	£5,090
0703B01B	Hairdressing Level 1	£5,090
0703B12B	Hairdressing Accelerated Learning Level 1-2	£6,174
0703B02B	Hairdressing Level 2	£4,745
0703B23B	Hairdressing Accelerated Learning Level 2-3	£5,733
0703B03B	Hairdressing Level 3	£4,745
0703B03B12	Hairdressing Level 3 - Year 1 of a 2 year course	£4,745
0703B03B22	Hairdressing Level 3 - Year 2 of a 2 year course	£4,745
0703C01B	Beauty Therapy level 1	£5,090
0703C12B	Beauty Therapy Accelerated Learning Level 1-2	£6,386
0703C02B	Beauty Therapy level 2	£4,745
0703C23B	Beauty Therapy Accelerated Learning Level 2-3	£4,789
0703C03B	Beauty Therapy level 3	£4,745
0703C03B12	Beauty Therapy level 3 - Year 1 of a 2 year course	£4,745
0703C03B22	Beauty Therapy level 3 - Year 2 of a 2 year course	£4,745
0703D02B	Nail Technology level 2	£4,745
0703D03B	Nail Technology level 3	£4,745
0703D03B12	Nail Technology level 3 - Year 1 of a 2 year course	£4,745
0703D03B22	Nail Technology level 3 - Year 2 of a 2 year course	£4,745
0703E02B	Theatrical Special Effects level 2	£4,745
0703E03B	Theatrical Special Effects level 3	£4,745
0703E03B12	Theatrical Special Effects level 3 - Year 1 of a 2 year course	£4,745
0703E03B22	Theatrical Special Effects level 3 - Year 2 of a 2 year course	£4,745
0703F03B	Spa Therapy level 3	£4,745
0703F03B12	Spa Therapy level 3 - Year 1 of a 2 year course	£4,745
0703F03B22	Spa Therapy level 3 - Year 2 of a 2 year course	£4,745
0704A01B	Professional Cookery level 1	£5,473
0704A12B	Professional Cookery Accelerated Learning Level 1-2	£6,241
0704A02B	Professional Cookery level 2	£5,198
0704A03B	Professional Cookery level 3	£5,198
0704A03B12	Professional Cookery level 3 - Year 1 of a 2 year course	£5,198
0704A03B22	Professional Cookery level 3 - Year 2 of a 2 year course	£5,198
0704A04B	Professional Cookery level 4	£4,104
0704AE0B	Catering Entry Level	£5,473
0704B01B	Hospitality & Catering level 1	£5,473
0704B02B	Hospitality & Catering level 2	£5,198
0704B03B	Hospitality & Catering level 3	£5,198
0704B03B12	Hospitality & Catering level 3 - Year 1 of a 2 year course	£5,198
0704B03B22	Hospitality & Catering level 3 - Year 2 of a 2 year course	£5,198
0704BE0B	Hospitality & Catering Level E	£5,473
0801A01B	Sport and Leisure level 1	£4,896
0801A12B	Sport and Leisure Accelerated Learning Level 1-2	£5,649
0801A02B	Sport and Leisure level 2	£4,514
0801A03B	Sport and Leisure level 3	£4,514
0801A03B12	Sport and Leisure level 3 - Year 1 of a 2 year course	£4,514

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<b>Programme Code</b>	<b>Programme Title</b>	<b>2022/23 Programme Value</b>
0801A03B22	Sport and Leisure level 3 - Year 2 of a 2 year course	£4,514
0801AE0B	Sport and Leisure Level E	£4,896
0802A01B	Travel and Tourism level 1	£4,957
0802A12B	Travel and Tourism Accelerated Learning Level 1-2	£4,877
0802A02B	Travel and Tourism level 2	£4,586
0802A03B	Travel and Tourism level 3	£4,586
0802A03B12	Travel and Tourism level 3 - Year 1 of a 2 year course	£4,586
0802A03B22	Travel and Tourism level 3 - Year 2 of a 2 year course	£4,586
0802BAAB	Access to HE Tourism & Hospitality	£3,634
0901A01B	Performing Arts level 1	£5,688
0901A02B	Performing Arts level 2	£5,454
0901A03B	Performing Arts level 3	£5,454
0901A03B12	Performing Arts level 3 - Year 1 of a 2 year course	£5,454
0901A03B22	Performing Arts level 3 - Year 2 of a 2 year course	£5,454
0901A04B	Performing Arts level 4	£5,668
0901AE0B	Performing Arts Level E	£5,688
0901C02B	Music & Music Technology Level 2	£5,454
0901C23B	Music & Music Technology Accelerated Learning Level 2-3	£6,781
0901C03B	Music & Music Technology Level 3	£5,454
0901C03B12	Music & Music Technology Level 3 - Year 1 of a 2 year course	£5,454
0901C03B22	Music & Music Technology Level 3 - Year 2 of a 2 year course	£5,454
0902A01B	Art and Design level 1	£5,792
0902A12B	Art and Design Accelerated Learning Level 1-2	£6,751
0902A02B	Art and Design level 2	£5,577
0902A03B	Art and Design level 3	£5,577
0902A03B12	Art and Design level 3 - Year 1 of a 2 year course	£5,577
0902A03B22	Art and Design level 3 - Year 2 of a 2 year course	£5,577
0902A04B	Art and Design level 4	£5,317
0902AE0B	Art and Design Level E	£5,792
0902B03B	Art Foundation Studies Level 3	£5,577
0903A01B	Media level 1	£5,565
0903A12B	Media Accelerated Learning Level 1-2	£6,071
0903A02B	Media level 2	£5,308
0903A03B	Media level 3	£5,308
0903A03B12	Media level 3 - Year 1 of a 2 year course	£5,308
0903A03B22	Media level 3 - Year 2 of a 2 year course	£5,308
0903A03D	Media Level 3 with Increased Workplace Learning	£6,023
0903B02B	Production Arts Level 2	£5,296
0903B03B	Production Arts Level 3	£5,308
0903B03B12	Production Arts Level 3 - Year 1 of a 2 year course	£5,308
0903B03B22	Production Arts Level 3 - Year 2 of a 2 year course	£5,308
1105AAAB	Access to HE Humanities	£3,116
1401A01B	Foundation Studies level 1	£6,953
1401A02B	Foundation Studies Level 2	£6,953
1401AE1B	Foundation Learning Level E1	£6,953
1401AE2B	Foundation Learning Level E2	£6,953

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Programme Code	Programme Title	2022/23 Programme Value
1401AE3B	Foundation Learning Level E3	£6,953
1401AXXB	Independent Living Skills - Pathway 1	£10,995
1401BXXB	Independent Living Skills - Pathway 2	£10,995
1401CXXB	Independent Living Skills - Pathway 3	£10,995
1401DXXB	Independent Living Skills - Pathway 4	£10,995
1401EXXB	Foundation Programme - Cam Ymlaen - Grwp Llandrillo Menai	£6,622
1401C01B	ESOL Level 1	£5,812
1401C02B	ESOL Level 2	£5,601
1401CE1B	ESOL Level E1	£5,812
1401CE2B	ESOL Level E2	£5,812
1401CE3B	ESOL Level E3	£5,812
1401CPEB	ESOL Pre-entry	£5,812
1402A01B	Preparation for Work Level 1	£6,953
1402A02B	Preparation for Work Level 2	£6,953
1402AE1B	Preparation for Work Level E1	£6,953
1402AE2B	Preparation for Work Level E2	£6,953
1402AE3B	Preparation for Work Level E3	£6,953
1501A02B	Accounting level 2	£4,576
1501A23B	Accounting Accelerated Learning Level 2-3	£5,913
1501A03B	Accounting level 3	£4,576
1501A03B12	Accounting level 3 - Year 1 of a 2 year course	£4,576
1501A03B22	Accounting level 3 - Year 2 of a 2 year course	£4,576
1501A04B	Accounting level 4	£3,626
1501AAAB	Access to HE Financial Services	£3,352
1502A01B	Business Administration level 1	£4,953
1502A12B	Business Administration Accelerated Learning Level 1-2	£6,194
1502A02B	Business Administration level 2	£4,581
1502A23B	Business Administration Accelerated Learning Level 2-3	£6,780
1502A03B	Business Administration level 3	£4,581
1502A03B12	Business Administration level 3 - Year 1 of a 2 year course	£4,581
1502A03B22	Business Administration level 3 - Year 2 of a 2 year course	£4,581
1502AE0B	Business Administration Level E	£4,953
1502D02B	Legal Secretaries Level 2	£4,581
1502D03B	Legal Secretaries level 3	£4,581
1502D03B12	Legal Secretaries level 3 - Year 1 of a 2 year course	£4,581
1502D03B22	Legal Secretaries level 3 - Year 2 of a 2 year course	£4,581
1502E02B	Medical Administration level 2	£4,581
1502E03B	Medical Administration level 3	£4,581
1502E03B12	Medical Administration level 3 - Year 1 of a 2 year course	£4,581
1502E03B22	Medical Administration level 3 - Year 2 of a 2 year course	£4,581
1503B12B	Business Studies Accelerated Learning Level 1-2	£5,596
1503B02B	Business Studies Level 2	£4,581
1503B23B	Business Studies Accelerated Learning Level 2-3	£5,639
1503B03B	Business Studies Level 3	£4,576
1503B03B	Business Studies Level 3 - Year 1 of a 2 year course	£4,576
1503B03B	Business Studies Level 3 - Year 2 of a 2 year course	£4,576

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<b>Programme Code</b>	<b>Programme Title</b>	<b>2022/23 Programme Value</b>
1503BAAB	Access to HE Business Studies	£3,626
1505A03B	Law level 3	£3,910
1505A03B12	Law level 3 - Year 1 of a 2 year course	£3,910
1505A03B22	Law level 3 - Year 2 of a 2 year course	£3,910
1505B02B	Legal Practice Level 2	£3,910
1505B03B	Legal Practice Level 3	£3,910
1505B03B12	Legal Practice Level 3 - Year 1 of a 2 year course	£3,910
1505B03B22	Legal Practice Level 3 - Year 2 of a 2 year course	£3,910
9801A01B	Access to FE Level 1	£2,534
9801A02B	Access to FE Level 2	£2,534
0104AJAB	Junior Apprenticeships - Public Services	£2,260
0401CJAB	Junior Apprenticeship - Fabrication and Welding	£2,260
0401HJAB	Junior Apprenticeships - Automotive Engineering	£2,260
0502AJAB	Junior Apprenticeships - Construction	£2,260
0703AJAB	Junior Apprenticeships - Hair & Beauty	£2,260
0704BJAB	Junior Apprenticeships - Hospitality & Catering	£2,260
0903AJAB	Junior Apprenticeships - Media	£2,260
0301AJAB	Junior Apprenticeship - Landscaping	£2,260

<b>Part Time Programme Code</b>	<b>Recorded as total GCH</b>	<b>2022/23 Programme Value</b>
0101XXXV	Medicine and Dentistry	£8.82
0102XXXV	Nursing and Subjects and Vocations Allied to Medicine	£7.19
0103XXXV	Health and Social Care	£7.45
0104XXXV	Public Services	£8.38
0105XXXV	Child Development and Well Being	£7.20
0201XXXV	Science	£8.41
0202XXXV	Mathematics and Statistics	£7.06
0301XXXV	Agriculture	£13.93
0302XXXV	Horticulture and Forestry	£13.62
0303XXXV	Animal Care and Veterinary Science	£13.57
0304XXXV	Environmental Conservation	£13.66
0401XXXV	Engineering	£13.75
0402XXXV	Manufacturing Technologies	£10.60
0403XXXV	Transportation Operations and Maintenance	£13.75
0501XXXV	Architecture	£14.12
0502XXXV	Building and Construction	£13.71
0503XXXV	Urban, Rural and Regional Planning	£8.47
0601XXXV	ICT Practitioners	£8.78
0602XXXV	ICT for Users	£8.82
0701XXXV	Retailing and Wholesaling	£8.47
0702XXXV	Warehousing and Distribution	£8.43
0703XXXV	Service Enterprises	£8.80
0704XXXV	Hospitality and Catering	£9.74

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0801XXXV	Sport, Leisure and Recreation	£8.32
0802XXXV	Travel and Tourism	£8.47
0901XXXV	Performing Arts	£10.28
0902XXXV	Crafts, Creative Arts and Design	£10.53
0903XXXV	Media and Communication	£9.97
0904XXXV	Publishing and Information Services	£7.06
1001XXXV	History	£7.06
1002XXXV	Archaeology and Archaeological Sciences	£7.06
1003XXXV	Philosophy	£7.06
1004XXXV	Theology and Religious Studies	£7.06
1101XXXV	Geography	£7.06
1102XXXV	Sociology and Social Policy	£7.06
1103XXXV	Politics	£7.06
1104XXXV	Economics	£7.06
1105XXXV	Anthropology	£7.06
1201XXXV	Languages, Literature and Culture of the British Isles	£7.28
1202XXXV	Other Languages, Literature and Culture	£7.27
1203XXXV	Linguistics	£7.06
1301XXXV	Teaching and Lecturing	£7.13
1302XXXV	Direct Learning Support	£7.47
1401AXXV	Independent Skills - Moderate	£13.41
1401BXXV	Independent Skills - Profound	£21.17
1401CXXV	ESOL	£10.58
1401DXXV	Adult Basic Education	£13.41
1401XXXV	Foundation for learning life	£13.41
1402AXXV	Preparation for Life and Work	£12.07
1501XXXV	Accounting and Finance	£8.44
1502XXXV	Administration	£8.46
1503XXXV	Business Management	£8.44
1504XXXV	Marketing and Sales	£8.52
1505XXXV	Law and Legal Services	£7.06
9101XXXV	LearnDirect basic skills / ESOL provision	£13.41
9102XXXV	LearnDirect other	£8.82

Part Time Programme Code	Recorded as Enrolments	2022/23 Programme Value
9001XXXV	NVQs in the Workplace	£1,745

Part Time Programme Code	Recorded as total GCH	2022/23 Programme Value
0100XXXG	Health Public Services and Care	£7.13
0200XXXG	Science and Mathematics	£8.32
0300XXXG	Agriculture, Horticulture and Animal Care	£13.10
0400XXXG	Engineering and Manufacturing Technologies	£12.93
0500XXXG	Construction Planning and the Built Environment	£14.01
0600XXXG	information and Communication Technology	£8.87

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0700XXXG	Retail and Commercial Enterprise	<b>£9.86</b>
0800XXXG	Leisure Travel and Tourism	<b>£8.54</b>
0900XXXG	Arts Media and Publishing	<b>£10.33</b>
1000XXXG	History Philosophy and Theology	<b>£7.06</b>
1100XXXG	Social Sciences	<b>£7.08</b>
1200XXXG	Languages Literature and Culture	<b>£7.21</b>
1300XXXG	Education and Training	<b>£7.06</b>
1401AXXG	Independent Living Skills - Moderate	<b>£13.41</b>
1401BXXG	Independent Living Skills - Profound	<b>£21.17</b>
1401CXXG	ESOL	<b>£10.58</b>
1401DXXG	Adult Basic Education	<b>£13.41</b>
1402AXXG	Preparation for Life and Work	<b>£12.07</b>
1500XXXG	Business Administration and Law	<b>£8.25</b>

<b>Part Time Programme Code</b>	<b>Recorded as total GCH</b>	<b>2022/23 Programme Value</b>
0001A02S	GCSE	<b>£8.11</b>
0001B03S	AS Level	<b>£8.11</b>
0001C03S	A2 Level	<b>£8.11</b>

<b>Part Time Programme Code</b>	<b>Recorded as Enrolments</b>	<b>2022/23 Programme Value</b>
0001A02P	GCSE Maths Resit	<b>£609</b>
0001B02P	GCSE English Resit	<b>£609</b>
0001C02P	GCSE Welsh (First Language) Resit	<b>£609</b>

Paper 02i – Annex I - Grants: 2021-22 outturn and forecast expenditure over the following four years for: Full-time undergraduate (FTUG) Tuition Fee Grant; Part-time undergraduate (PTUG) Tuition Fee Grant; PTUG Maintenance Grant; Masters Finance grant element; Education Maintenance Allowance (EMA); and Welsh Government Learning Grant (Further Education) (WGLG(FE)).

## ANNEX I

**Grants: 2021-22 outturn and forecast expenditure over the following four years for: Full-time undergraduate (FTUG) Tuition Fee Grant; Part-time undergraduate (PTUG) Tuition Fee Grant; PTUG Maintenance Grant; Masters Finance grant element; Education Maintenance Allowance (EMA); and Welsh Government Learning Grant (Further Education) (WGLG(FE)).**

	£000s				
<b>Grants</b>	<b>2021-22 expenditure</b>	<b>2022-23 forecast</b>	<b>2023-24 forecast</b>	<b>2024-25 forecast</b>	<b>2025-26 forecast</b>
Full-time undergraduate (FTUG) Tuition Fee Grant	14,380	1,934	0	0	0
Part-time undergraduate (PTUG) Tuition Fee Grant	2,482	0	0	0	0
PTUG Maintenance Grant	32,410	38,201	42,486	46,428	50,453
Masters Finance grant element	24,588	23,898	24,921	26,508	28,542
Education Maintenance Allowance (EMA)	14,518	14,494	14,495	14,501	14,506
Welsh Government Learning Grant (Further Education)	3,933	3,933	3,933	3,933	3,933

**Loans provision: 2021-22 outturn, and forecast loan outlay over the following four years (broken down by students studying in Wales and elsewhere in the UK) for: FTUG tuition fee and maintenance loan outlay and Resource Accounting and Budgeting (RAB) charge, PTUG tuition fee and maintenance loan outlay and RAB charge, Masters Finance loan element and RAB charge, Doctoral loan outlay and RAB charge**

	£000s				
	<b>2021-22 expenditure</b>	<b>2022-23 forecast</b>	<b>2023-24 forecast</b>	<b>2024-25 forecast</b>	<b>2025-26 forecast</b>
<b>Loan</b>					
FTUG tuition fee and maintenance loan outlay	787,363	834,618	891,004	946,735	996,864
PTUG tuition fee and maintenance loan outlay	28,892	35,732	42,775	48,008	52,303
Masters Finance loan element	70,998	72,146	78,505	84,713	91,308
Doctoral loan outlay	3,978	4,504	4,743	4,817	4,930

## RAB

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FTUG tuition fee and maintenance @ RAB	197,576	200,070	229,558	249,579	247,635
PTUG tuition fee and maintenance loan @ RAB	6,604	8,116	11,457	12,338	12,924
Masters Finance loan @ RAB	0	0	0	0	0
Doctoral loan @ RAB	756	864	1,042	912	935

Paper 03 - Local Government and Housing Committee –12 January 2023  
 – written evidence by the Minister for Finance and Local Government

**Local Government and Housing Committee**

**Date: 12 January 2023 Time:10.45am – 12.15pm**

**Title: Welsh Government Draft Budget Scrutiny 2023-24**

**Introduction**

The Draft Budget includes spending plans for 2023-24 which make changes to the indicative budgets published as part of the 2022-23 draft budget. This paper provides evidence to the Committee on the future programme budget proposals in relation to the Local Government budgets within the Finance and Local Government MEG as outlined in the Draft Budget which was laid on 13 December 2022.

Annex A provides a breakdown of the relevant Draft Budget figures for the Finance and Local Government Main Expenditure Group (MEG) by Spending Programme Area, Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.

**Financial Tables**

**Table 1: Overview of changes to the BEL tables**

	<b>2023-24 Indicative Budget £'000</b>	<b>2023-24 Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>
Revenue	4,346,119	4,829,952	483,833	11.1%
Non Cash	0	0	0	0
<b>Total Resource</b>	<b>4,346,119</b>	<b>4,829,952</b>	<b>483,833</b>	<b>11.1%</b>
Capital	222,000	222,000	0	0
Financial Transactions	0	0	0	0
<b>Total Capital</b>	<b>222,000</b>	<b>222,000</b>	<b>0</b>	<b>0</b>

## Budget allocations

Three key changes were actioned as part of this draft budget:

- Some revenue budgets within the MEG have been reprioritised with baseline reductions taking place to these budgets; these totalled £1.709m with £609k of these reductions applied to budgets that support Local Government. There were no reductions to capital budgets required as part of this exercise. This was part of a wider Welsh Government exercise to reprioritise budgets to target limited resources to where it was most needed.
- Allocations from reserves were made; and,
- Some reprioritisation took place within the MEG to re-allocate revenue and capital budgets for one year only.

All of these changes are set out in the tables below and are also captured in the BEL tables published on 13 December 2022.

The Finance and Local Government MEG received the following allocations from reserves as part of the 2023-24 Draft Budget:

**Table 2: Allocations made through 2023-24 Draft Budget**

Allocation	2023-24 £'000s	2024-25 £'000s
Revenue Support Grant (Inc real living wage for social care workers)	150,000	150,500
Business Rates	292,000	144,500
Ukraine	40,000	20,000
Cost of Borrowing	897	4,496
Inflation uplift	2,000	2,000
Non cash adjustments to WRA, CIW and HIW	124	137
<b>Total allocation</b>	<b>485,021</b>	<b>321,633</b>

Revenue allocations are offset by an adjustment of £215m to the non-domestic rates line in AME in 2023-24. This adjustment takes account of the reduction to the distributable amount since Final Budget for 2023-24 and 2024-25, and nets off the Retail, Leisure and Hospitality Rates Relief provided for 2023-24.

The inflation uplift of £2m was intended to assist with some of the impacts of inflation felt outside of the local government settlement. The £2m uplift was allocated across the MEG as follows:

**Table 3: Allocation of the £2m inflationary uplift for the MEG**

<b>Allocation</b>	<b>2023-24 £'000s</b>	<b>2024-25 £'000s</b>
Commercial Procurement Programme Funding to provide funding for the Procurement Centre of Excellence and Procurement Capability and Skills Programme.	907	907
Welsh Revenue Authority relating to pay, inflationary and other pressures.	941	941
Local Democracy and Boundary Commission due to increased resource and inflationary pressures as a result of taking forward changes in practice relating to electoral and community reviews and significant work on preparing for Senedd reform.	152	152
<b>Total allocation</b>	<b>2,000</b>	<b>2,000</b>

Due to the economic context and the pressures felt across Welsh Government to respond to inflation, cost of living and pay pressures as well as to deliver our ambitious Programme for Government, all portfolio ministers were asked to identify revenue savings within their MEG to support cross governmental priorities. A target of £100m savings was achieved across the Welsh Government with the Finance and Local Government contributing £1.709m towards this target. This was achieved by making recurrent savings in the following areas:

**Table 4: Savings identified within the MEG on a recurrent basis**

<b>Saving identified</b>	<b>2023-24 £'000s</b>	<b>2024-25 £'000s</b>
Invest to Save – considered affordable due to reduced amount of loan agreements in the pipeline.	750	750
e-Procurement – saving will be achieved by replacing a contract with one of better value.	350	350
Improvement and Support – a European transition project with a budget of £1.2m has now come to an end. The remaining funding will be utilised to support the decarbonisation of the local government estate. This saving will reduce the level of revenue support in 2023-2024, which would otherwise be available to local authorities to develop significant projects/ business cases for decarbonising their corporate estate. The effect could be to slow work in this area unless local authorities fund themselves reflecting their own commitments and the potential for long term savings. This is mitigated by the ongoing work with the Ystadau Cymru work on estates rationalisation and the WLGA programme supporting Local Government work on its Net Zero commitments.	609	609
<b>Total savings actioned at draft budget</b>	<b>1,709</b>	<b>1,709</b>

Some budgets within the Finance and Local Government MEG have also been reprofiled in 2023-24 where savings could be identified on a time limited basis to support pressures in other areas of the MEG. As part of this exercise a decision was made to reprofile budgets as follows within the Finance and Local Government MEG for one year only:

**Table 5: Budgets repurposed within the MEG for one year only (2023-24)**

Budget Expenditure Line	Repurposing 1 Year Only £'000
<b>Transformation and Legislation</b> - a reduction to this budget will mean that some activity will need to be scaled back or delayed until 2024-25.	(613)
<b>Emergency Financial Assistance</b> - allocation for remediation costs that will be incurred by local authorities as a result of the February 2020 floods.	491
<b>Election policy</b> which will be achieved by scaling back activity for one year only.	(1,000)
<b>Welsh Revenue Authority</b> - pressures related to implementation and ongoing delivery of various activities.	1,122
<b>Invest to Save (Capital)</b> – considered affordable	(195)
<b>Welsh Revenue Authority (Capital)</b> – pressures relate to the renewal of licences as well as other activity.	195
<b>Total</b>	<b>0</b>

### Local Government Settlement

Despite significant pressures reported by the Welsh Local Government Association across local authorities, our settlement from the UK Government did not enable us to meet these pressures arising from inflation and increased demand for services in full. In a bid to protect public services as far as possible no reductions to the local government settlement were considered as part of the wider Welsh Government exercise to repurpose budgets.

In 2022-23, the Local Government settlement increased by £437million (9.4%) on a like-for-like basis to £5.1 billion to support front line services. As part of the 2022-23 Budget further increases to the settlement were planned at 3.5% (£177m) in 2023-24 and 2.4% in 2024-25.

Local authorities have been affected by the soaring cost of energy and inflation across all services including two of their biggest service areas schools and social care. This is alongside overall increases in demand in many service areas.

Schools in Wales are directly funded by local authorities – funding for schools is provided mainly through the local government settlement. The Welsh Government’s education budget also supports spending in and on schools, teachers, and wider education programmes, including free school meals, the rollout of the new curriculum, teacher training and support to help learners recover post-pandemic.

As a result of spending decisions made in relation to education in England, Wales received additional funding in the Autumn Statement. This is being provided in full to local government through increases to the settlement and through the education budget.

In making decisions about the level of funding for local government I have responded to the need to support key front line services. In particular I have included funding to enable authorities to continue to meet the additional costs of introducing the Real Living Wage for care workers.

As a result of the decisions I have taken, I am providing an additional £227m in 2023-24 and £268m in 2024-25 to the local government settlement; this builds on the

£0.75bn we outlined up to 2024-25 as part of our 2022 spending review.

### **Non-domestic rates relief package**

All businesses in Wales will benefit from the £460m package of non-domestic rates support we will be providing over the next two financial years. The package will operate in addition to our permanent relief schemes which provide around £240m of relief to ratepayers across Wales every year.

We will continue to provide support for those sectors most directly affected by the pandemic through a 2023-24 retail, leisure, and hospitality rates relief scheme. This will provide more than £140m of non-domestic rates relief for eligible businesses.

Retail, leisure, and hospitality ratepayers in Wales will receive 75% non-domestic rates relief throughout 2023-24. Like the similar scheme announced by the UK Government, the Welsh Government's scheme will be capped at £110,000 per business across Wales. Our approach ensures that businesses in Wales will receive comparable support to that provided in other parts of the UK.

In addition to the retail, leisure and hospitality rates relief scheme, the non-domestic rates multiplier in Wales will be frozen in 2023-24. This will support all ratepayers in Wales at an estimated cost of more than £200m over the next two years.

The next non-domestic rating list will come into force on 1 April 2023, following revaluation. The Welsh Government will provide all ratepayers whose liability is increasing by more than £300, as a result of revaluation, with transitional relief. Any increase in non-domestic rates liability as a result of revaluation will be phased in over two years.

A ratepayer will pay 33% of their additional liability in the first year (2023-24) and 66% in the second year (2024-25), before reaching their full liability in the third year (2025-26). The Welsh Government is providing £113m over two years to fund this transitional relief, supporting all areas of the tax- base through a consistent and straightforward transitional scheme.

We are committed to supporting businesses to recover from the impacts of the pandemic and to support them through the current cost-of-living crisis, to ensure Wales continues to have a thriving economy.

### **Ukraine**

As a Government, we made a clear commitment to welcome people fleeing the conflict in Ukraine. We originally set up our super-sponsor scheme to directly sponsor 1,000 people from Ukraine – to date, we have been able to support almost 3,000 people who have arrived in Wales via the super-sponsor route. This clearly demonstrates Wales is a Nation of Sanctuary.

We have funded our super-sponsor scheme, including accommodation and wrap-around support, from our own budget. We will continue to do this in 2023-24 and have committed a further £40m for this to ensure people fleeing the war in Ukraine continue to have a place of safety and sanctuary in Wales. This additional funding will ensure local authorities are able to continue delivering services in support of our scheme. The UK Government has provided no funding commitment for the Homes for Ukraine scheme in 2023-24.

## **Programme for Government**

The Local Government Directorate supports the delivery of a number of Programme for Government commitments. In accordance with Welsh Government budget management principles, allocations made at the 2022-23 Spending Review to support the delivery of these commitments have been targeted towards interventions that are affordable and offer value for money. No new allocations have been made to support the PfG commitments through the 2023-24 draft budget. Details of the PfG commitments and the BELs from which they are supported are set out below.

### **Seek to reform council tax to ensure a fairer and more progressive system -**

I announced my plans for the reform of the council tax system on 7 December 2021 and launched a Phase 1 consultation on 12 July. The responses to the consultation are being analysed. Provision for this work is made through the Local Taxation, Research and Analysis BEL.

**Make the case for clear and stable tax devolution** - The two local taxes, council tax and non-domestic rates, form an integral part of the local government finance system in Wales. Alongside my plans for reforming the council tax system, I set out my plans for reforming the non-domestic rates system on 29 March and launched a consultation on proposals on 21 September. Provision for this work is also made through the Local Taxation, Research and Analysis BEL.

**Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services** - This Programme for Government commitment will be delivered through the funding for local government sector-led improvement, including around digital transformation (which also delivers against the PfG commitment to deliver the Digital Strategy), through the Transformation and Legislation BEL. Work to improve Community Council financial management and governance is funded by the Community and Town Council BEL and an allocation from the Transformation and Legislation BEL. Any direct engagement with local authority specific statutory intervention and support programmes are funded through the Improvement and Support BEL. Other work which will contribute includes our financial reform and work on reforming council tax; and increasing democratic participation. This will be funded through the Transformation and Legislation BEL and the Local Taxation, Research and Analysis BEL.

**Reduce the Administrative burden on local authorities** - A task and finish scoping exercise is underway, working closely with local government to explore perceived barriers and key areas that are identified as unnecessary areas of administrative burden. The intention is to identify opportunities for change to existing processes and requirements and agree a set of underpinning principles to shape the definition of the need for, and shape of, administrative and other bureaucratic overhead going forward. There no funding implications from undertaking the scoping exercise.

**Explore & develop effective tax, planning and housing measures to ensure the interests of local people are protected** - As part of the three-pronged approach announced by the Minister for Climate Change in July 2021, the Welsh Government consulted last summer on possible changes to the local taxes to help local authorities in managing the impact of second homes and self-catered accommodation in their areas. Having considered the responses to the consultation, on 2 March I announced the plans for amending the relevant legislation. The Local Taxation, Research and Analysis BEL includes provision for implementing any changes and the additional analyses of information on second homes and self-catering accommodation within the local tax-base

**Reform local government elections to reduce the democratic deficit** - In 2022- 23, we held pilots on the use of digital technology to enable flexible voting options for voters in four local authority areas and concluded outreach activity to promote registration and engagement. These workstreams culminated in the May 2022 local elections. Evaluation of the pilots by the Electoral Commission and of the outreach work by a network of organisations has been received and is informing the next stage of our work in advance of our next scheduled sets of devolved elections in 2026 and 2027. In October 2022 we published a White Paper on electoral reform and administration, including proposals on voter information and engagement, improved accessibility to the electoral system by automatic registration, and some structural changes to support better administration. We also developed the next stage of our direct engagement support as a new multi-year grant proposal. This work is being undertaken in conjunction with work on expanding the Access to Elected Office programme, increasing diversity in democracy and Wales Centre for Public Policy work on defining, measuring, and monitoring democratic health. This work will be funded from the Elections Policy BEL and funding provided to principal councils through the RSG, which also recognises the costs of implementing the Local Government and Elections (Wales) Act 2021

**Expand our Access to Elected Office programme** - The pilot Access to Elected Office fund was available to candidates with disabilities and ran in advance of the Senedd elections in May 2021 and the local government elections in May 2022. It is now being formally evaluated but early indications are the Fund was valued and welcomed. The learning from the evaluation and other recent research will be used to consider how the fund and other forms of potential support could be improved and expanded to encompass people with other protected characteristics. This work will be funded from the Transformation and Legislation BEL.

**Delivery of the Local Government Chapter in the Race Equality Action Plan** - The Welsh Government is committed to enabling an anti-racist Wales. As part of this I will ensure the legislative and governance framework for local government promotes actions and decision making that is anti-racist. I am taking forward a range of changes to the legislative framework to ensure local authority governance takes place within a statutory framework that supports equality and diversity and actively promotes anti-racism. This will also enable local government to review its own recruitment, internal human resources policies and complaints processes to ensure they are anti-racist. This work will be funded from the Transformation and Legislation BEL.

**Ensure that each region in Wales has effective and democratically accountable means of developing their future economies** - Specific grant funding was provided in 2021-2022 to help regions put in place arrangements to establish the constitutional arrangements for their Corporate Joint Committees and transition across existing regional governance arrangements as appropriate.

This is now reflected in the core funding received through the unhypothecated Local Government Settlement, to reflect the fact that undertaking and supporting collaboration between local authorities is part of the core operating model for local government.

**Change the performance framework for local government to better enable innovation, transparency, and local ownership** - This relates to implementation of the new performance and governance regime in the Local Government and Elections (Wales) Act 2021. Support for local authorities to undertake self- assessments and panel assessments is provided through the local government sector-led Improvement and Support Programme, funded through the Transformation and Legislation BEL. Any direct

engagement with local authority specific statutory intervention and support programmes are funded through the Improvement and Support BEL.

### **Preventative spend within this portfolio**

Funding provided through the revenue support grant is un-hypothecated; it is for local authorities to determine priorities for its use. Providing this significant funding un-hypothecated means local authorities have the flexibility to plan, fund and deliver their services in the way that works best for their local populations.

The Wellbeing of Future Generations Act requires local authorities, alongside other public bodies, in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other. This funding will prevent persistent problems such as poverty, health inequalities and climate change.

## **Strategic Integrated Impact Assessment**

The Strategic Integrated Impact Assessment (SIIA) continues to outline the contextual evidence that has supported our spending decisions. It is just one of a suite of documents published as part of our Draft Budget, with the impact of spending decisions outlined as part of the main narratives in chapter four, complemented by the SIIA at Annex A. In this year's Draft Budget, we have reprioritised funding from within our existing plans to re-focus our limited resources towards the areas of greatest need, to ensure every pound invested makes the greatest positive impact and to also enable us to protect key areas. We recognise that by doing so, there will be negative impacts for those areas where funding has been reprioritised. Further details of these choices will be outlined as part of individual Ministers' responses to their respective Senedd scrutiny committees; this will provide a more detailed account as to how Draft Budget decisions have impacted on different groups.

We also continue to outline the steps we are taking to reform budget and tax process improvements as part of our Budget Improvement Plan which is published alongside the Draft Budget. This year we have worked collaboratively with the Budget Improvement Impact Advisory Group (BIIAG) to explore how we undertake the Strategic Integrated Impact Assessment (SIIA); this has resulted in some changes within the SIIA published as part of this Draft Budget. Further longer-term actions are being explored through continued working with the BIIAG to review our approach to assessing impacts of budget decisions as part of the Budget Improvement Plan (BIP).

As part of this draft budget we have made allocations to support public services including the NHS and local government; we have also made allocations to support vulnerable individuals impacted by the cost of living crisis including through the Discretionary Assistance Fund, the Pupil Development Grant and homelessness services.

Within my own portfolio I am pleased to be able to provide an uplift to local authorities through the settlement and to be able to provide additional support through non domestic rates reliefs. It has, however, been necessary to find savings in other areas in order to be able to target spend across Welsh Government towards areas where it has been needed most. This has meant a reduction of £1.7m within my own portfolio on a recurrent basis. I have set out in table 4 above the savings I have made.

### **Support to those most adversely affected by the cost of living crisis**

People struggling to afford accommodation or food will turn to local services for support. Our increased support for local authorities through the unhypothecated settlement will help ensure these services are in place to support those impacted by the cost of living crisis.

## **Climate Change and Net Zero Wales**

The local government capital budget was planned to increase by £50m between the 2022-23 draft budget and the 2023-24 indicative budget. £20m of this will be directed specifically to address decarbonisation and support Net Zero Wales.

Revenue funding also exists within the Improvement and Support BEL and the Ystadau Cymru BEL to assist with plans to decarbonise both the Local Government and Welsh Government estates.

## **Gypsy, Roma and Travellers and Ukrainian arrivals**

There are no allocations within the FLG MEG to support Gypsy, Roma and Travellers and there have been no specific transfers into the RSG in respect of these communities.

Within the Education and Welsh Language MEG there is £11m grant funding to local authorities for ethnic minority and Gypsy, Roma and Traveller learners (MEGRT), which supports children and young people from ethnic minority backgrounds, including Gypsy, Roma and Traveller communities, to access education and opportunities and provide equity of outcome.

The grant is provided to local authorities in Wales based on the numbers of learners from ethnic minority backgrounds within the local authority. As well as generally being used to support learners from these backgrounds, the grant is used by local authorities to support refugees and asylum seekers who may have English as an additional language (EAL) or Welsh as an additional language (WAL) need. The grant has also been used to support those arriving from Ukraine and Afghanistan.

In 2022-23 the Emergency Financial Assistance BEL in the FLG MEG was used to meet the costs of our emergency response to the humanitarian crisis in Ukraine. This BEL supported the costs associated with arrivals through the super sponsor route which included the costs of initial accommodation, wrap around support, the contact centre and arrival hubs. A general tariff for each arrival and an education tariff for children aged 2-17, funded by the UK Government, was also payable to local authorities through this BEL.

Within the Social Justice MEG the Gypsy Traveller Sites capital budget is £3.19m for 23-24 which is unchanged from the indicative budget published in December 2021. The budget covers the development of new sites, site extensions and refurbishment projects at local authority owned sites across Wales.

# Paper 03a - Annex A – Breakdown by BEL for the Local Government and Finance MEG

## Annex 1

EXTRACT FROM FINANCE AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)				
RESOURCE				
Budget Expenditure Line	2023-24 Indicative Budget	2023-24 Draft Budget 2023-24	Change	% Change
	£000s	£000s	£000s	£000s
Local Govt General Revenue Funding	4,169,557	4,498,298	328,741	7.9%
Non-Domestic Rates Rates Relief	27,700	143,900	116,200	4.2%
Police General Revenue Funding	112,349	112,448	99	0.1%
Local Govt PFI Revenue Consequences	2,728	2,728	-	0.0%
Transformation & Legislation	7,760	7,519	(241)	-3.1%
Non-Domestic Rates Collection Costs	5,172	5,172	-	0.0%
Emergency Financial Assistance	1	40,492	40,491	40491.0%
<b>Action: Funding Support for Local Government</b>	<b>4,325,267</b>	<b>4,810,557</b>	<b>485,290</b>	<b>11.2%</b>
Valuation Office Agency Services	8,896	8,896	-	0.0%
Valuation Tribunal for Wales	1,074	1,074	-	0.0%
Local Taxation Research & Analysis	4,300	4,300	-	0.0%
<b>Action: Valuation Services</b>	<b>14,270</b>	<b>14,270</b>	<b>-</b>	<b>-</b>
<b>SPA: Local Government Funding</b>	<b>4,339,537</b>	<b>4,824,827</b>	<b>485,290</b>	<b>-</b>
Sponsorship of the Local Democracy and Boundary	598	750	152	25.4%
Expenditure to Promote Local Democracy	126	126	-	0.0%
Election Policy	2,500	1,500	(1,000)	-40.0%
<b>Action: Building Local Democracy</b>	<b>3,224</b>	<b>2,376</b>	<b>(848)</b>	<b>-26.3%</b>
Improvement & Support	1,550	941	(609)	-39.3%
<b>Action: Local Government Improvement</b>	<b>1,550</b>	<b>941</b>	<b>(609)</b>	<b>-39.3%</b>
Academi Wales	1,134	1,134	-	0.0%
<b>Action: Academi Wales</b>	<b>1,134</b>	<b>1,134</b>	<b>-</b>	<b>0.0%</b>
Community and Town Councils	144	144	-	0.0%
Public Services Boards	530	530	-	0.0%
<b>Action: Supporting Collaboration and Reform</b>	<b>674</b>	<b>674</b>	<b>-</b>	<b>0.0%</b>
<b>SPA: Improving Services, Collaboration &amp; Democracy</b>	<b>6,582</b>	<b>5,125</b>	<b>(1,457)</b>	<b>-22.1%</b>
<b>EXTRACT FROM FINANCE AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)</b>	<b>4,346,119</b>	<b>4,829,952</b>	<b>483,833</b>	<b>11.1%</b>

**EXTRACT FROM FINANCE AND LOCAL GOVERNMENT  
MAIN EXPENDITURE GROUP (MEG)**

**CAPITAL**

Budget Expenditure Line	2023-24 Indicative Budget	2023-24 Draft Budget 2023-24	Change	% Change
	£000s	£000s	£000s	£000s
Local Govt General Capital Funding	200,000	200,000	-	0%
City & Growth Deals	22,000	22,000	-	0%
<b>Action: Local Government General Capital Funding</b>	<b>222,000</b>	<b>222,000</b>	-	<b>0%</b>
<b>SPA: Local Government General Capital Funding</b>	<b>222,000</b>	<b>222,000</b>	-	<b>0%</b>
<b>EXTRACT FROM FINANCE AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)</b>	<b>222,000</b>	<b>222,000</b>	-	<b>0%</b>

Paper 04 - Economy, Trade and Rural Affairs Committee - 12 January 2023 – written evidence by the Minister for Economy

**Economy, Trade and Rural Affairs Committee**

Date: 12 January 2023

Time: 11:05-12:35pm

**Title: Evidence paper on Draft Budget 2023-24 – Economy Main Expenditure Group (MEG)**

**a) Introduction**

This paper provides information on the Economy budget proposals as outlined in the 2023-24 Draft Budget published on 13 December 2023. It also provides an update on specific areas of interest to the Committee. The Arts and Sport activity is being scrutinised by the Culture, Communications, Welsh Language, Sport and International Relations Committee on 18 January 2023.

**1.1 Transparency of budget presentation**

1.1.1 The table below provides an overview of indicative plans for the Economy MEG published in draft Budget 2023-24

<b>Economy MEG – Summary</b>	<b>2022-23 Final Budget March 2022 £000's</b>	<b>2023-24 Indicative Final Budget March 2022 £000's</b>	<b>2023-24 Changes £000's</b>	<b>2023-24 Draft Budget December 2022 £000's</b>	<b>2024-25 Indicative Final Budget March 2022 £000's</b>	<b>2024-25 Changes £000's</b>	<b>2024-25 Indicative Final Budget December 2022 £000's</b>
Resource	402,421	416,582	30,901	447,483	432,688	30,860	463,548
Capital	82,792	106,187	0	106,187	81,608	0	81,608
<b>Total Resource &amp; Capital</b>	<b>485,213</b>	<b>522,769</b>	<b>30,901</b>	<b>553,670</b>	<b>514,296</b>	<b>30,860</b>	<b>545,156</b>
Resource AME	45,525	45,525	13,000	58,525	45,525	13,000	58,525
Capital AME	0	0	0	0	0	0	0
<b>Total AME</b>	<b>45,525</b>	<b>45,525</b>	<b>13,000</b>	<b>58,525</b>	<b>45,525</b>	<b>13,000</b>	<b>58,525</b>
<b>Total – Economy MEG</b>	<b>530,738</b>	<b>568,294</b>	<b>43,901</b>	<b>612,195</b>	<b>559,821</b>	<b>43,860</b>	<b>603,681</b>

**1.2 Resource**

1.2.1 For resource, the 2022-23 baseline for draft Budget 2023-24 reflects Final Budget.

1.2.2 The Resource budget for the Economy MEG has increased by £30.901m in 2023-24 when compared to the 2023-24 indicative final budget baseline, with further increases of £30.860m in 2024-25.

1.2.3 The total resource allocations for each financial year is summarised in the tables below:

<b>Economy: Resource Budget Allocations</b>	<b>BEL</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>
Apprenticeships	Apprenticeships	18,000	18,000
<b><i>Cost of living Inflationary uplift – pay and utilities in ALBs:</i></b>			
National Library Wales	National Library of Wales	677	828
Amgueddfa Cymru – National Museums of Wales	Amgueddfa Cymru – National Museums of Wales	1,574	1,878
Arts Council of Wales	Arts Council of Wales	133	202
Royal Commission	Royal Commission on the Ancient and Historical Monuments for Wales	60	92
Sport Wales	Sport Wales	242	360
Grant funded staff in ALBs	Support for Local Culture and Sport	43	47
Cadw	Cadw	540	720
Careers Wales	Employability Including Young Persons Guarantee	1,231	1,873
<b><i>Cost of living inflationary pressures – local heritage, culture and sport:</i></b>			
Arts Council of Wales	Arts Council of Wales	500	
Sport Wales	Sport Wales	500	
Local Culture	Support for Local Culture and Sport	250	
Cadw and local heritage	Cadw	250	
<b>Total Revenue Allocations from Reserves</b>		<b>24,000</b>	<b>24,000</b>
Communities for work – non cash	Communities for Work	5	-36
<b>Total Non-cash allocations from/to Reserves</b>		<b>5</b>	<b>-36</b>
Less: Economy MEG contribution to Welsh Government reprioritisation exercise (Information on areas where funding has been reprioritised, relevant to this Committee is provided at Annex A and B)	Various	-7,166	-7,166
<b>Total Net Revenue from Reserves for the MEG</b>		<b>16,839</b>	<b>16,798</b>
Transfer into the Economy MEG from Finance and Local Government MEG (Children's Commissioner Grant)	Communities for Work	14,062	14,062
<b>Total Allocations to the MEG</b>		<b>30,901</b>	<b>30,860</b>

1.2.4 The Welsh Government has undertaken a reprioritisation exercise to release funding from within portfolios for reallocation across Government. The principles underpinning this reprioritisation exercise were to deliver a balanced budget, protect frontline public services and protect the Programme for Government.

1.2.5 As a result of this exercise, draft budget plans reflect a return to central reserves from the Economy MEG of £7.166m in 2023-24, with reductions baselined into 2024-25. These changes for budget lines relevant to this committee are summarised in Annex A and Annex B.

1.2.6 The total £27m revenue allocation for culture over three years from the Cooperation Agreement has been maintained, as well as £8m for Arfor, £4m in 2023-24 and £4m in 2024-25, which follows on from the £3m budget in 2022-23.

### **1.3 Capital**

1.3.1 The Economy capital budget stands at £106.2m for financial year 2023-24 and £81.6m for 2024-25. There have been no changes to the allocations as part of the Draft Budget 2023-24.

### **1.4 Annually Managed Expenditure – AME**

1.4.1 The AME budget of £58.525m provides cover for charges that are outside the control of the portfolio, such as impairments on the property portfolio, pension valuation fluctuations for National Museum of Wales, the National Library of Wales, Sport Wales and Careers Wales. This budget is agreed with the Treasury each year and is fully funded. The AME draft Budget figures reflects the forecasts submitted to the Office for Budget Responsibility in August 2022.

### **1.5 Commentary on Actions & Detail of Budget Expenditure Line (BEL) Allocations**

1.5.1 A breakdown of changes to the Economy MEG by spending area, Action and BEL for 2023-24 and future years is provided at **Annex A**. A commentary explaining the changes to each Action within the MEG is also provided at **Annex B**. A transparent narrative explanation has been provided to explain increases and reductions, where not covered in the evidence paper. This only covers the budgets that are been securitised as part of this committee.

### **1.6 Monitoring of budgets**

1.6.1 All budgets continue to be monitored and challenged on a monthly basis during 2022-23, to consider the latest forecasts and budget movements as necessary. I receive regular financial updates on the forecasts for the MEG to ensure that budgets remain on track to deliver my priorities. We maintain very close monitoring to ensure funding is being invested where best needed whilst supporting our priorities – in the right place, at the right time.

1.6.2 A significant elements of activity undertaken under the Economy MEG is subject to external factors ranging from macroeconomics to demand and even the weather. Our services such as Business Wales have to adapt to changes in the economy while schemes such as the Economy Futures Fund, particularly on the context of annual budget planning, can be impacted by delays in construction, a change in the beneficiaries business plan or indeed inclement weather. This means effective planning and mitigation is essential alongside a balanced portfolio of large and small infrastructure projects. This of course means expenditure can be affected by factors outside Welsh Government control but plans are monitored closely by my officials to agree options and proposals for corrective action to seek to manage net expenditure at budget levels.

## 1.7 Evidence base / Evaluation and reviews

- 1.7.1 Evidence from a wide range of sources underpins our financial decisions such as published research, engagement with stakeholders, previous policy evaluations and statistics. This is embedded in decision making with some examples as follows.
- 1.7.2 **Employability - JGW+**, the new Youth employability programme takes the best elements of Traineeships and Jobs Growth Wales and provides a holistic, tailored package of support for young people who are, or who are at risk of becoming, NEET (Not in Employment, Education or Training). It ensures young people are provided with opportunities to develop skills at the right time and place for them. Evaluation recommendations from both Traineeships and Jobs Growth Wales were taken into account when the new JGW+ programme was designed, resulting in an enhanced referral system as well as a streamlined progression routes through the programme.
- 1.7.3 Initial draft Estyn feedback has noted that “JGW+ is so far proving to be a ‘better fit’ for young people than previous programmes. The programme is facing different challenges to the past and is proving to be good for those with complex barriers. The referral process is much stronger than in the past which is reflected in the standard of Individual Learning Plans which are showing to be more comprehensive with more detailed information and clear aspirations”.
- 1.7.4 **ReAct+**, the new Adult Employability Programme has built on the proven successes, concept, and brand to combine ReAct (redundant workers All-Wales) and Access (unemployed people) to provide this full employability offer to unemployed adults in Wales. The programme provides individualised support to those trying to enter the labour market by removing barriers and providing grant support such as vocational training, childcare, travel costs and wage subsidies. The main aim of the programme is to enable progression into sustained employment.
- 1.7.5 The new programme utilises a format that is tried and tested and offers a programme of support to fulfil the aims of Taking Wales Forward and the Employability Plan. ReAct development, evaluations and audits over the past 20 years have helped the programme become efficient and effective at assisting people enter employment.
- 1.7.6 The **SMART programmes** of support were subject to a half- term independent review which were published in September 2020. The Final review of the SMART Suite of operations has just been awarded and will commence in December 2022. The review concluded the progress and performance of SMART Cymru against the indicator targets are favourable. Notwithstanding challenges, it is expected that by the end of the full programme, all indicator targets will be met or exceeded. The majority of SMART Cymru beneficiaries interviewed were positive about the benefits of the SMART Cymru support that they have received (85%). Regarding the value of funding received (90%), the intervention rate applied (66%) and the flexibility that the funding support afforded (90%) beneficiaries signified a high level of satisfaction.

## 1.8 Impact of Cost of living on budget allocations and programmes

- 1.8.1 The impact of the increased cost of living and the failure of the UK Government’s promises to replace EU funding in full has created significant challenges on programmes within my portfolio. As a Welsh Government, we will continue to work to prioritise our budgets to shield the most vulnerable and maintain our commitment to create a stronger, fairer and greener Wales as we prepare our draft Budget 2023-24.

- 1.8.2 I recognise the impact cost of living pressures are having on our ALBs and local culture, heritage and sport sectors, and I am pleased to announce that an additional £12m will be provided in 23/24 and 24/25 (£6m/annum) to support with cost-of-living pressures in the most critical areas. However, I appreciate that this will only go some way to addressing concerns and it will still be difficult for many organisations.
- 1.8.1 This uplift will enable all the five Culture and Sport Arm's Length bodies (the National Library of Wales, Amgueddfa Cymru-National Museum Wales, Arts Council of Wales, Sport Wales and Royal Commission on the Ancient and Historical Monuments of Wales) and Careers Wales to make a consolidated pay award to their staff comparable to that made by Welsh Government and to meet pay parity commitments for the lowest paid staff. We are treating Cadw (which is within the Welsh Government but all staff costs are charged to the Economy MEG in view of the direct delivery nature of the work) consistently with our arm's length bodies as it has its own internal agency board with non-executive members. It meets quarterly and part of its role is to scrutinise Cadw's performance against its business plan and financial reporting.
- 1.8.2 This funding will also address other inflationary pressures in the culture and sport sectors, especially exceptional utility costs at Amgueddfa Cymru, the National Library of Wales and Cadw, as well as funding to be made available to support local independent and third sector organisations across arts, museums, community libraries, heritage and sport with additional inflationary costs.
- 1.8.3 When the Welsh Government published the cross-government Economic Mission last year, it was clear a return to business as usual was not an option. The response to the Covid pandemic accelerated many existing trends across decarbonisation, digitisation and the impact of an aging population.
- 1.8.4 The Welsh Government will support businesses with this transition. Our Business Wales advisory service covers all aspects from energy and waste to water efficiency measures.
- 1.8.5 Tackling the climate emergency as part of a just transition to Net Zero is also the overarching ambition of our new £8.1bn Infrastructure Investment Strategy. In particular, we'll open up greener forms of transport to more people, providing more choice in how we're all able to get around as well as laying the foundations for more investment in renewable energy projects.
- 1.8.6 Against a tough financial backdrop, including the shortfall of £1.1bn to Wales in post-EU structural and rural funds, my new Plan for Employability and Skills provides a strong employability and skills offer that is a crucial part of our collective task to make Wales an attractive prospect for more people and business.
- 1.8.7 The new Plan for Employability and Skills has been launched to drive forward our Economic Mission to help more people in Wales to upskill, access, and thrive in work – for a more equal economy that works for everyone. We want to help everyone – particularly those furthest from the labour market - to navigate and respond to the work-related challenges they will face throughout their lives, whether that is through training, retraining, upskilling, changing career or starting a business. It will help us meet the skills required by Welsh businesses by making the most of our talent in Wales, driving workforce diversity and shaping an economy that works for everyone. It will also embolden more people to consider starting their own business.
- 1.8.8 The Resolution Foundation says there has been a 19-year downturn in wages – the weak

forecast for pay and high inflation means that wages will not return to their 2008 level until 2027. Had wages grown at the same rate as before the great financial crisis in 2008, they would be £15,000 a year higher. While our stakeholders want us to go further, even living within our means will be incredibly challenging.

- 1.8.9 We have managed increasing provision costs within our existing allocations in the Employability including Young Persons Guarantee BEL, which includes additional funding for the Young Persons Guarantee (YPG), allocated in the three-year spending review (2022-2025), and the maximising of ESF through our operations through to autumn 2023.

## **1.9 Lasting implications of the pandemic**

- 1.9.1 Post-Covid restrictions and continued disruption via short notice lockdowns has resulted in travel to certain key markets being restricted e.g. China, while a number of countries opened up more slowly e.g. Japan, therefore limiting opportunities for exporters. In addition, restrictions on individuals travelling if not fully vaccinated has also impacted export opportunities by limiting opportunities to meet face to face and build relationships.
- 1.9.2 Although we have not seen youth unemployment on the scale that we anticipated because of the pandemic, latest NEET estimates are concerning. The latest provisional estimates suggest the proportion of 16-18 year olds who are NEET increased to 13.6% in 2021, the highest level on record, largely driven by a rise in the economic inactivity rate (excluding students), although there was also a slight increase in unemployment. For 19 to 24 year olds, final estimates for 2020 indicate the proportion who were NEET decreased slightly to 15.8%, followed by an estimated increase in 2021 to 16.3%.<sup>12</sup>
- 1.9.3 Emerging evidence demonstrates that young people face additional issues in achieving a smooth transition into the labour market. The Prince's Trust have reported that more than 60% of 16-25-year-olds have said they are scared about their generation's future – with one in three concerned their job prospects will never recover from the pandemic and cost of living crisis. In the wake of the disastrous UK Government mini-budget, alongside an even bleaker economic outlook from the OBR and Bank of England – and a UK Government approach for replacement EU funds that is significantly underfunded and shuts out the third sector from directly accessing the funding, I am more concerned than ever about the employment prospects of our young people. Our YPG programmes aim to get young people back into education, training and eventually work. Working Wales as the portal to our wider employability offer in partnership with Careers Wales.
- 1.9.4 The scarring effect of the pandemic is beginning to take effect. Our continued focus on NEETs is crucial if we are to address the threat of a long tail of being unemployed or economically inactive years later.

## **1.10 EU implications**

- 1.10.1 The UK Government's approach to post-EU funding through the Shared Prosperity Fund is not only a deliberate and an unacceptable encroachment into a devolved policy area, but it is also costing Wales jobs and growth. With only four months remaining in this

<sup>1</sup> <https://gov.wales/young-people-not-education-employment-or-training-neet-april-2021-june-2022>

<sup>2</sup> [Participation of young people in education and the labour market: 2020 and 2021 \(provisional\) | GOV.WALES](#)

financial year, only now (5 December) has the UK Government agreed the Fund's

investment plans submitted by Welsh local authorities during the summer for projects that should have already commenced.

- 1.10.2 Existing and new EU funding programmes overlap by two years and the Welsh Government was ready to start a post-EU investment programme almost two years ago in January 2021. By then we had already worked intensively with the OECD and our Welsh partners to create the strongest possible model for Wales.
- 1.10.3 Instead, local government are being put under enormous strain to develop projects and put in place administrative and governance procedures in unfeasible timescales. The impact of the long delays created by the UK Government is on top of the £1.1 billion shortfall compared to EU structural and rural funds, the Welsh Government and Senedd being bypassed on a plainly devolved matter and universities, colleges, the third sector and businesses being shut out of directly accessing funding. The UK Government's entire approach to the Shared Prosperity Fund has been chaotic.
- 1.10.4 The UK Government's position on the Shared Prosperity Fund and European Territorial Co-operation (ETC) programmes has also seriously dented our ambitions to increase international and cross-UK working, putting at risk important networks and economic opportunities. This is also being exacerbated by the uncertainty around association to Horizon Europe. We are taking forward actions through our new Agile Cymru approach but are currently unable to allocate additional budget.

## **1.11 Ending of EU structural funds**

- 1.11.1 My portfolio leads on seven projects supported by the 2014-2020 European Structural Fund programmes, including ReAct, Apprenticeships and Traineeships (JGW+), and currently has EU funding of around £315m approved through to 2023. It is expected that in 2023-24 these projects will generate more than £63m of EU funds to support delivery through these programmes, underpinning a number of Programme for Government priorities including all-age Apprenticeships and the Young Persons Guarantee.
- 1.11.2 In 2024-25, additional funding for the Young Persons Guarantee includes funding to offset the UK Government's shortfall of replacement EU funding and will enable programmes to continue to meet demand through to March 2025. In 2025-26, there will be a significant impact on employability and skills budgets because of this replacement EU funding shortfall and the end to the additional YPG funding, with investment in employability activities reducing from circa £80m in 2022-23 to an expected level around £34m by 2025-26.
- 1.11.3 We are also leading on the EU funded Communities for Work and Parents, Childcare and Employment programmes, with some £80m of EU funding approved through to 2023. Delivery of both these programmes will end on 31 March 2023. Additional funding from the Young Person's Guarantee will continue to support the programme.
- 1.11.4 Business support and innovation activity has historically been European funded therefore the end of the structural funding has had an impact on the ability of Business and Regions to deliver a level similar to what was delivered historically.
- 1.11.5 While funding has been secured to deliver the Business Wales service until March 2025 it is at a real terms decreased value to what the service had historically to deliver, with also the additional need to pay for programme funded staff as these would have previously been funded via the structural funds.

- 1.11.6 There will be no ability to do over and above the core offer of delivery. As a result, any new priorities or new service provision will have to have an identified budget and resource to deliver or some of the current provision will have to be stopped.
- 1.11.7 Innovation support has been impacted further, however there remains an opportunity to attract or ensure UKG funding is levered towards Wales. This is also true with opportunities arising with the Shared Prosperity Funding from UKG to Local Authority however, it's important to note that the Welsh Government will have no say in the process but officials will continue to liaise and work closely with stakeholders to ensure alignment and added value to Welsh Government level support.

## **1.12 Implementation of legislation**

- 1.12.1 There is no current legislation requiring provision in the draft budget plans.
- 1.12.2 Work is progressing on Statutory licensing for all visitor accommodation in Wales with a consultation planned to commence on 16th December. A number of engagement sessions have been held with stakeholders inside and outside of WG to inform the consultation. Feedback on the introduction of a licensing scheme have been supportive to date especially in relation to the level playing field, better intelligence, and increased consumer confidence. I made an oral statement on Statutory licensing scheme for all visitor accommodation in Wales to the Senedd on 15th November. Activity will be delivered within the budget allocation for tourism.

## **1.13 Wellbeing of Future Generations (Wales) Act 2015 and Preventative spending**

- 1.13.1 During the 2022-23 Budget process and Welsh Spending Review to 2025, a collaborative approach was taken to align funding with delivery of the Programme for Government, underpinned by the Welsh Government's wellbeing objectives. This year's Draft Budget process encompasses some key choices, whilst seeking to balance short and long term outcomes. Short-term acute pressures linked to the cost of living, Ukraine and wider inflationary pressures need to be balanced against the longer term sustainability of public services.
- 1.13.2 Through our reformed Budget Improvement Impact Advisory Group (BIIAG) we continue to engage with key stakeholders on improving budget and tax processes aligned to delivery of the Budget Improvement Plan (BIP).
- 1.13.3 We also continue to engage with international experts and other nations to draw on best practice in areas of wider budget process improvement.
- 1.13.4 An update of delivery of the Budget Improvement Plan has been published alongside the Draft Budget on 13 December 2022.
- 1.13.5 The Economic Action Plan and the Employability Plan were underpinned by the evidence that well paid work is the best route out of poverty and the greatest protection against poverty for those at risk. By supporting jobs and sustainable growth for the long term and taking action to try to alleviate some of the challenges faced by people when accessing jobs, we aim to reduce the likelihood of families experiencing poverty and avoid the long-term costs that poverty bring to society. We continue to create opportunities for individuals and families with initiatives and targeted investment across Wales. Being engaged in gainful and rewarding employment is a key factor in maintaining physical and mental well-being. The programmes supporting the plans support the 'more equal Wales'

goal by embedding the theme of inclusion, equality and diversity into programme design and delivery and ensuring that under-represented groups are able to seek support from the programme and promote the equal status of the Welsh and English languages.

1.13.6 In January 2022, the Future Generations Commissioner for Wales launched a review under section 20 of the Act: [Review by the Future Generations' Commissioner into how the machinery of Welsh Government is carrying out sustainable development and safeguard the ability of future generations to meet their needs](#) The Commissioner is exploring how the Welsh Government is ensuring their processes, working culture and public sector leadership act in accordance with sustainable development principles. The review will focus mainly on three steps contained in the Programme for Government relating to apprenticeships as the main case study. The Commissioner is due to publish findings toward the end of 2022.

## **1.14 Equality, Sustainability, Welsh Language and Demographic Considerations**

1.14.1 As part of the Draft Budget, we have taken an integrated approach to impact assessments, as well as considering the impact of decisions and policies on social, economic, cultural and environmental well-being, as set out within the Well-being of Future Generations (Wales) Act, which continues to be an important driver guiding our Budget considerations.

1.14.2 Our Budget sets out the impacts of our spending decisions, including highlighting spending decisions that directly impact on our stakeholders. This is complemented by the Strategic Integrated Impact Assessment (SIIA), outlining the contextual evidence that has supported our spending decisions.

## **1.15 Impact on Deprivation and Poverty**

1.15.1 There is a clear relationship between economic growth, jobs and tackling poverty. Secure, well-paid, and sustainable employment offers both a route out of poverty and protection against it, not just for the individual, but also for their dependents and indeed their wider community. Employability programmes aim to support people into high quality sustained jobs.

1.15.2 The draft budget plan includes net resource budget of £248.266m in 2023-24 and £263.267m in 2024-25 to support our investment in our employability and skills programmes. Jobs Growth Wales+ specifically provides 16–18-year-olds with tailored support to ensure they get the help they need to find employment or training. JGW+ serves some of the most disadvantaged young people in our society, with a specific focus on providing provision for those young people with protected characteristics. The primary focus of the JGW+ Programme is to reduce the number of young people who are NEET and improve their life chances. We are determined that no young person should be left behind and the issues contractors are facing means that flexibility in funding is necessary in order to allow them to provide the services for ALL eligible young people.

1.15.3 The net resource budget of £23.075m in 2023-24 and £18.034m in 2024-25 for CfW+ is Welsh Government's primary means of providing employability support to those of all ages who are most disadvantaged in the labour market, including young people, older workers, women, disabled individuals and those with long-term health conditions, Black, Asian or minority ethnic individuals, those with care responsibilities and those with low skills.

1.15.4 Combined we have committed £12m to our six public bodies and local independent

culture, heritage and sport sectors to help address cost of living pressures. The uplift in pay for staff at our ALBs (£3.77m in 23/24 and £5.6m in 24/25), including many of the lowest paid via our commitments to pay parity across the public sector, will support our commitments to reduce poverty, as well the £1.13m to support with utilities inflation. We have also committed over £1.5m to help alleviate cost of living pressures in our local independent culture, heritage and sport sectors, and as part of the Cooperation Agreement, we have agreed by 24/25 to double our investment in Fusion, our programme to help address poverty by cultural access, participation and inclusion.

## **1.16 Changes to the demographic – Ageing population**

- 1.16.1 Population figures from the census published on the 2 November 2022 estimated there are now more people aged 65 or over living in Wales (662,000) than children aged 0 to 15 (548,000). The Welsh Government is alert to the changing demographic of people in Wales as outlined in our "Economic resilience and reconstruction mission which was launched earlier this year. The Welsh government continues to work to better understand the challenges these shifts in our populations demography and to consider how to mitigate and adapt our measures so we can provide a suitable budgetary response.
- 1.16.2 People aged 65 or over are estimated to account for just over a fifth (21.3%) of the total population in Wales in census 2021. The Welsh Government is looking at where it will need to harness opportunities such as the skills and abilities of our workforce, an invigorated entrepreneurial culture, a renewed focus and appreciation of the environment, key workers, volunteers and public services, an appetite for lifelong and online learning, and how digital technology has connected us and enabled us to operate as a society.
- 1.16.3 Our employability programmes are responsive to the key trend of an ageing population and therefore an ageing workforce, we recognise the importance of work for young people, not just the financial rewards, but the sense of purpose and pride that comes from having a job. Employers also benefits from a newer and more dynamic workforce. Our investment in the Young Person's Guarantee programme is therefore crucial and having increased our focus on employment, we have seen over 20,000 interventions delivered via our employability services alone, with over 11,000 young people starting on our employability programmes.
- 1.16.4 CfW+ has no upper age limit for the support it can offer, and older workers (aged 50 plus) are one of the cohorts targeted by the programme. The apprenticeship programme is also all age.
- 1.16.5 Careers Wales/Working Wales services aim to help all customers, at whatever stage of their lives, to fulfil their potential. For adults, they seek to deliver their services in the heart of their communities and offer all their customers services in the channel that best meets their needs.

## **1.17 Preventative spending and Value for Money**

- 1.17.1 These budget proposals reflect my continuing commitment to protect and prioritise investment that supports preventative measures as far as possible. Value for money and clarity over how we use our resources effectively is central to delivering our priorities. Once expenditure is planned in line with priorities, we have well-established processes in place to ensure that resources are used effectively for the purposes intended.
- 1.17.2 The assessment and value for money is referenced further down in the specific questions.

## 1.18 Information on how policy is delivered, performance monitoring and if they were value for money.

1.18.1 We continue to closely monitor the funding and support requirements of our policies through our Evaluation and Monitoring approach. In December 2021 the first [National indicators and national milestones for Wales](#) were published demonstrating how we are achieving our well-being goals. The Employability and Skills Plan highlights the specific milestones we will measure our success against:

- 75% of working age adults in Wales will be qualified to Level 3 or higher by 2050,
- the percentage of working age adults with no qualifications will be 5% or below in every local authority in Wales by 2050,
- at least 90% of 16 to 24 year olds will be in education, employment, or training by 2050,
- eradicate the gap between the employment rate in Wales and the UK by 2050, with a focus on fair work and raising labour market participation of under-represented groups and
- an elimination of the pay gap for gender, disability and ethnicity by 2050.

1.18.2 The Entrepreneurship and Business Wales service undertake a study on the impact of service delivery, the latest (2021 – undertaken every three years) impact assessment noted the following:

### 1.18.3 Core & Growth (Level 1-4)

- Total programme spend estimated to be **£37.1m** as at end of May 2021.
- **8,396** enterprises received non-financial support, **4,610** new enterprises supported, and **12,280** individuals receiving support.
- Generated **£92m** of business investment connected to projected turnover of **£7.76bn**
- Additional employment created/activity could be associated with an estimated **£380m GVA** per annum.
- For Each **£1** invested, this can be linked to around **£10** of net GVA uplift per annum.
- Estimated that **7,234** of the **14,471** jobs created, i.e. around a half of the employment outcomes might have occurred in the absence of the Business Wales intervention. The net (additional) jobs are estimated to be connected with around **£380m of GVA**.
- The cost per job created is estimated to be **£2,564**. Once allowance is made for additionality, the cost per net job created is **£5,129**.
- In total the activity under the Business Wales Core and Growth programmes could be connected with as much as **£646m of GVA**.
- The four year survivability rate is **67%** compared to **33%** for a matched sample of non-assisted businesses

### 1.18.4 AGP (Level 5)

- Overall budget for AGP was **£26.9m** with around 85% of funds committed at end June 2021.
- Since 2015-16, AGP supported around **£377m** of investment in enterprise, **9,755 jobs**, and **£266m** of exports.
- Total gross **9,755** jobs created translates to around **5,332** net jobs i.e. around 45% of the employment outcomes might have occurred in the absence of the Business Wales AGP intervention. These net jobs are estimated to be connected with around **£410m of GVA**.
- Cost per gross job created estimated to be **£2,329**. Once allowance is made for

additionally it is estimated that the net cost per job created is **£4,261**.

- Additional employment created/activity estimated **£410m GVA** per annum.
- For each **£1** invested in AGP, this can be linked to around **£18** of net GVA uplift per annum.
- **£377m** of business investment connected to projected turnover of **£5.99bn**.
- The four year survivability rate for AGP assisted businesses is **77%** compared to **33%** for a matched sample of non-assisted businesses

1.18.5 Within Culture, Sport and Tourism, key priorities for each arm's length bodies are set out in their remit letters, which they use as a basis for their operational plans and key performance indicators. The Deputy Minister for Arts Sports and Chief Whip meets at least biannually with all bodies, and officials formally monitor progress against these plans at quarterly monitoring meetings and more regularly through close working relationships with the senior executive teams at the arm's length bodies. At the invitation of the bodies, officials also attend Board meetings, allowing Welsh Government to maintain a good overview of potential issues. Monthly grant in aid claims are also scrutinised to ensure that progress is being achieved against specified lines of expenditure.

1.18.6 The Culture, Heritage and Sport commitments in the [Anti-Racist Wales Action Plan](#), and associated specific Programme for Government commitments aim to make a measurable difference to the lives of Black, Asian and Minority Ethnic people by tackling systematic and institutional racism. To achieve this, we have committed capital and revenue funding of a total of just over £5 million over 21/22-24/25 to support our national, local, regional and grassroots cultural, heritage and sport organisations which includes a contribution from the corporation agreement budget to support this work.

1.18.7 Cadw has its own internal agency board with non-executive members. It meets quarterly and part of its role is to scrutinise Cadw's performance against its business plan and financial reporting.

1.18.8 Each major project has governance related to the specific project. Major capital investments are supported by business cases which are scrutinised to ensure they are robust by the Welsh Government Treasury team and officials. Smaller capital and revenue grants and contracts are awarded based on either an open application process or a direct commission, and monitored by officials throughout the project life cycle, with agreed deliverables and check in points.

1.18.9 Major projects and activity are monitored using the Business Information Report Tool (BIRT). An Evidence Plan presents the research, evaluation and data collection projects that the Culture Division is either undertaking or committed to. It is updated yearly, based on discussions with staff and wider stakeholders, to ensure activity is supporting key divisional priorities and Programme for Government commitments.

1.18.10 Specific metrics are used to evaluate support programmes, as set out in the Export Action Plan. Success is measured where financial support or a funded programme has been provided through, for example, a trade mission or supporting a visit to market, and includes the resulting new export business won as a result. Funded Investment activity such as events / seminars also require post evaluation forms to be completed on outputs delivered.

## **1.19 Equality, sustainability and Welsh language – Impact assessments**

1.19.1 An integrated approach to impact assessments enables us to better understand the impact of spending decisions, seeking to better understand the intersectional and unintended

impacts of spending to maximise the impact of available funding.

- 1.19.2 Conversely the consideration of an area of impact in isolation risks unintended impacts consequences such as the negative impact in one area driven by a positive impact effect in another. A better understanding of the integration of different areas can enable targeting funding which can maximise the impact of an investment; alongside not maximising the impact of investment through targeting funding where it can have the greatest impact through a better understanding of the intersection or integration of different areas.
- 1.19.3 We have worked with the Budget Improvement Impact Advisory Group (BIIAG) to explore how we undertake our Strategic Integrated Impact Assessment (SIIA). A sub- group was established, and a shared plan of work is being developed with some changes being implemented in time for publication of the SIIA in December 2022. We remain committed to continually reviewing our approach to assessing impacts as part of the annual Budget Improvement Plan (BIP).
- 1.19.4 We have over recent years taken an integrated approach to impact assessments, whilst considering the impact our policies have on protected characteristics under the Equality Act, as well as taking into account the impact of decisions and policies on social, economic, cultural and environmental well-being, as set out within the Well-being of Future Generations (Wales) Act which continues to be an important driver guiding our Budget considerations. We have continued to embed the WFG Act's five ways of working in our approach and the processes that support it. Impact assessments are integral to the planning process and are regularly reviewed, for example the [Young Person's Guarantee: impact assessment](#).
- 1.19.5 A full integrated Impact Assessment has been undertaken on the evolved Entrepreneurship and Business Wales service from April 2023 onwards has been published on the Welsh Government website which can be found at: [Business Wales future provision: impact assessment \[HTML\] | GOV.WALES](#)
- 1.19.6 During the developing of the Anti-racist Wales Action Plan a [full integrated Impact Assessment](#) was carried out. As part of the delivery of our culture, heritage and sport goals and actions and PfG commitment we will undertake monitoring and evaluation. This will ensure that we are able to define success and measure performance. Additionally, proportionate assessments of impact will be undertaken throughout the design and delivery of policies and programmes.

## **b) Specific areas**

- 2.1.1 This section provides an update on specific areas requested by the Committee.

## **2.2 Economy**

### ***Support to help business and workers as a result of the increased cost of living***

- 2.2.1 Business Wales provides a range of general business advice, information and signposting as well as specialist strands of advice such as contingency planning and resource efficiency to support businesses in addition to broadband exploitation and access to the Skills Gateway and Farming Connect.
- 2.2.2 Direct support is available for businesses facing uncertainties due to a possible recession / the cost-of-living crisis through a combination of online, telephone, 1-2-many and 1-2-1

business support which is tailored according to client need and the different regions of Wales, dependant on local requirements. The service is available to support existing businesses, start-ups and individuals who are considering self-employment and can be accessed digitally via <http://businesswales.gov.wales>, social media channels and the 03000 6 03000 helpline.

- 2.2.3 Business Wales offers a wide range of advice and support on green policies, practices and resource efficiency as well as workshops. One-to-one advice includes energy efficiency, waste management, pollution prevention, legal issues and permits, environmental management systems and sources of funding.
- 2.2.4 Resource Efficiency Advisors are available to support businesses to adopt or improve environmental strategies, and work with businesses towards creating a resource efficient and resilient business. Advisors provide a range of advice such as using fewer raw materials to reduce the risk of material scarcity, driving innovation and resilience, and helping businesses reach new markets

### ***Ongoing support to help businesses through and recover from the pandemic***

- 2.2.5 The Welsh Government is investing £21.9m in the Business Wales service from April 2023 until March 2025 and is committed to continuing to deliver a proactive entrepreneurship and SME business support.
- 2.2.6 The approach will incorporate an overarching national footprint with regionalised elements; balance support for growth and scale-up while spreading prosperity across all parts of Wales; and facilitate a deeper cross government and whole eco system working. The service will evolve and enhance the current service and embed its impact further within the Welsh economy.
- 2.2.7 It is recognised that Business Wales cannot deliver on all local business support provision required by entrepreneurs, micro and SMEs across Wales. The service is designed to build on its strength as a nationally delivered service and work in partnership to complement local delivery and wider funding opportunities available to the third and public sector in Wales.
- 2.2.8 Building on the success of Business Wales the proposed delivery model from 2023 will be underpinned by three key aims:
  - a) Building on the success of Business Wales the proposed delivery model from 2023 will be underpinned by three key aims: To build confidence and inspire individuals, entrepreneurs, micro-businesses and SME businesses to reach their full potential. To work with key stakeholders to enable them to contribute to developing a cohesive ecosystem that is visible, simple and connected to ensure Wales is a great place to start and grow a business in the foundation and growth economies.
  - b) To address a key gap by creating the conditions for businesses to start, sustain and grow through to medium sized businesses in inclusive and sustainable ways.
  - c) To support the productivity, resilience, growth, decarbonisation and sustainability of micro-businesses and SMEs, securing their long-term future ownership within Wales to cement their continued contribution to the Welsh economy.

- 2.2.9 The service will be delivered under five key delivery areas:

- a) The Business Wales digital platform and helpline will provide a fully bilingual, accessible point of contact for all entrepreneurs and established businesses; offering a full range of information, guidance and support by providing a digital first response that will create efficiencies and effective referral to the Business Wales services.
- b) Developing a culture of entrepreneurship and business start-up in Wales. Inspire and develop the business capability of entrepreneurs focussing on three main groups, which are young people under 25 years, adults who are considering becoming self-employed or starting their own business, with targeted outreach for individuals underrepresented in business start-up and society.
- c) Building the confidence and resilience of the business community in Wales and to help them create opportunities for employment, improve practices and productivity to stimulate sustainable and inclusive growth, through dedicated advisory and support provision.
- d) Building on the current Accelerated Growth Programme to provide tailored support for selected start-ups and existing businesses with the aspiration and the potential to achieve their high growth ambitions.
- e) The Welsh Government is also investing in the social enterprise sector to provide specialist business advice to support the 'Transforming Wales through Social Enterprise' vision to put social enterprises at the heart of a fairer, more sustainable, more prosperous Wales.

2.2.10 The overall service will be a combination of openly procured and in house delivery starting from 2023. The prior information notice was issued in May 2022 and the specification was published on Sell2Wales in November 2022.

### ***Allocations in relation to the Freeport Programme in Wales***

2.2.11 UK Ministers have agreed to provide up to £26 million of non-repayable starter funding (split £1m revenue and £25m capital) for the successful site, which represents parity with the deals offered to each of the English and Scottish Freeports. This is currently not captured as part of the Draft Budget 2023-24 plans as the transfer will take place as part of the in year supplementary budget process. Businesses located in Wales's future Freeport will also benefit from simplified customs procedures, relief on customs duties, tax relief such as Non-Domestic Rates relief, and development flexibility.

2.2.12 Businesses located in Wales's future Freeport will also benefit from simplified customs procedures, relief on customs duties, tax relief such as Non-Domestic Rates relief, and development flexibility.

### ***Allocations in relation to the potential creation of 'investment zones' in Wales***

2.2.13 We are in preliminary discussions with the UK Government to understand the Investment Zone proposals, offer and potential implications for Wales in more detail. Any initiative that comes forward for Wales would need to align with our policies on fair work and the environment and generate additional investment

***Allocations to support the regional approach to economic development (including those made to develop and deliver the regional economic frameworks, Tech Valleys, and the Arfor programme)***

## **Regional Economic Frameworks (REF's)**

2.2.14 In December, we published the regional economic frameworks. These are integral to our commitment to a place-based model of economic development where we build on and work with the distinctive strengths of our regions. The frameworks have been shaped with partners in each of the regions, including local authorities and regional bodies. They are based on evidence and agreement, with clear priorities that are aligned with our framework for regional investment, the economic mission and, of course, the programme for government. This mature approach is essential to the creation of a shared vision with common objectives to deliver a fairer, greener and more prosperous Wales. There is no specific budget allocated to the REFs but delivery of the priorities identified in each will be delivered through utilising other existing budgets, including regional, Economic Futures Fund, property, and other public and private sources too.

## **Tech Valleys**

2.2.15 Our investment for the Tech valleys programme has a three-year budget allocation of 2022-23: £2.25 million, 2023-24: £2.025 million and 2023/24: £2.025 million.

2.2.16 2022/23: £5 million, 2023-24: £5 million and 2023-24 £ 5 million. There is also a revenue allocation of 2022-23: £2.25 million, 2023-24: £2.025 million and 2023/24: £2.025 million. The funding for the first two years is fully committed to a range of projects both delivered and underway. The rev is fully committee primarily to the National Digital Exploitation Centre (NDEC) a partnership with Thales, Cardiff University and The University of South Wales. The Capital element (2022/23: £5 million, 2023-24: £5 million and 2023-24 £ 5 million) has been used to bring back 270,000 sq. ft. of new and refurbished commercial, start-up and industrial floor-space. There has also been a substantial focus on aligning the education and career pathways for learners to ensure they are aware of the opportunities arising from careers emanating from Industry 4.0 in the region. This strategy will ensure that local residents have the right qualifications required by local businesses. The ambition is to retain and train young people in Blaenau Gwent. This is vital for initiating a virtuous circle of developing the skills and talent of young people in the area, generating entrepreneurial endeavours and the jobs that will retain further skills within the locality.

## **Arfor**

2.2.17 We are maintaining our investment from the last budget for the Arfor programme. The budget allocated to support the programme was £3m in 2022-23 and is £4m in 2023-24 and £4m in 2024-25. The initial Arfor programme operated between 2019/20 and 2020/21. The independent evaluation report from Wavehill has shown that the Arfor programme has successfully trialled small scale business support schemes and demonstrated that they have the potential to increase the use of Welsh within the workplace, to create favourable conditions for further development of capacity and services, as well as increase the numbers of Welsh speakers within the business community.

2.2.18 The programme has also trialled less conventional business support interventions such as the mentoring of young people through the Llwyddo'n Lleol scheme, the Ffiws/Gofod Creu scheme which offered workspaces and free access to advanced equipment and technician support, and by supporting social businesses to develop their assets to increase their capacity and impact within their communities through the Cymunedau Mentrus scheme.

2.2.19 Overall, and despite delivery during a period impacted by Covid, the programme has

created 238 full time equivalent (FTE) and 89 part time jobs, safeguarded a further 226 FTE jobs, supported 154 existing or start-up businesses. Whilst securing this economic impact, the direct grants have also embedded plans to develop language capacity within the businesses' plans for the coming years. Moreover, the grants have demonstrated that a focus on developing language capacity need not detract or impact negatively on the capacity for direct capital or revenue assistance to support and act as a catalyst for business development and growth.

***Allocations to supplement regional development funding (Reason: as a result of the Welsh Government's concerns around the levels of funding that Wales will receive from UK Government schemes such as the Shared Prosperity Fund and the Levelling Up Fund)***

## **Regional Development – Impact of UK Government Schemes**

- 2.2.20 Clearly, due to the reasons explained in other sections of this paper, the Welsh Government is concerned that UK Government schemes like the Shared Prosperity Fund and Levelling Up Fund are bypassing the Welsh Government and Senedd, are inadequately funded and are failing to meet Wales' needs. The UK Government has not been active in regional economic policy in Wales at this scale for more than two decades and we remain concerned that it does not have the expertise, networks, infrastructure or experience to deliver these funds in areas devolved to Wales.
- 2.2.21 A range of cross-party committees, both in the Senedd and Westminster, have also been consistently critical of the approach the UK Government has taken to Levelling-Up and post-Brexit funding – as have independent think-tanks such as the Institute of Welsh Affairs and the Institute for Government. All warn that the UK Government forcibly operating in devolved areas without partnership with the Welsh Government and respect for the devolution settlement will lead to poorer value for money and worse outcomes for Wales.
- 2.2.22 The Levelling Up Fund is not a direct replacement for EU funding, but it is operating in the space that EU funds have previously occupied. The LUF effectively replaces the England Towns Fund. It was announced at the UK Spending Review in November 2020 as an England measure from which the Welsh Government would receive a Barnett consequential. However, in February 2021, the UK Government confirmed it would deliver the Fund on a UK-wide basis with no prior consultation or communication. The Welsh Government has had no role in its development or delivery.
- 2.2.23 The LUF is a competitive fund, with the first funding round launched in March 2021 and successful applicants announced in October 2021. In the first round, six local authorities in Wales (RCT, Powys, Carmarthenshire, Pembrokeshire, Ceredigion and Wrexham) secured funds for ten bids worth a total of £121m. Unsuccessful bids in Wales were worth £172m. The UK Government is still yet to announce successful bids for round two which were submitted by local authorities by 2 August 2022 (43 bids worth nearly £800m were submitted by Welsh local authorities), adding to further delays to the process and unrealistic timescales for local government to spend their allocations. The capital focused LUF is also of real concern as already the bid profiles submitted are being impacted by inflationary costs.
- 2.2.24 We also have concerns about the funding allocated to industrial decarbonisation schemes, such as the Industrial Energy Transformation Fund (IETF), Cluster Sequencing and the Hydrogen Fund, is not adequate in scope or scale to enable decarbonisation projects across England, Wales and Northern Ireland in the short to medium term. Whilst Welsh

based businesses have successfully applied for support via IETF there has been limited opportunity for success within other funding streams. Welsh Government is in active discussion regarding appropriate business models to enable the decarbonisation of Welsh industry.

2.2.25 The South Wales Industrial Cluster members are investing over £24m which has in turn leveraged over £26m of UK Government funding to Wales since 2019, including £21 million of Industrial Decarbonisation Challenge funding to deliver a Phase 2 Route Map plus a variety of deployment projects across South Wales. Additionally, over £2m of Industrial Decarbonisation Research & Innovation funding has been allocated to Welsh universities dedicated to activity within industrial clusters.

2.2.26 The HyNet project, which covers both north-west England and north east Wales has been shortlisted to receive Track 1 funding via the Cluster Sequencing programme. It remains to be seen at this stage whether any Welsh based activity will be funded via this process.

### ***The financial allocations associated with the foundational economy enabling plan and the Backing Local Firms Fund***

2.2.27 The pandemic, coupled with the UK leaving the EU, has highlighted the importance of the Foundational Economy and the need to safeguard it and create strong resilient Welsh supply chains, whilst also ensuring its workers are fairly employed and rewarded. We are maintaining our investment in Foundational Economy in this budget which currently stands at £3m per annum.

2.2.28 To support this, the 'Backing Local Firms' Fund is now running for a second year to help Welsh SMEs overcome barriers they may be facing when doing business with the public sector, with a focus on the four strategic FE priorities of decarbonisation (covering homes and buses); social care; food and public procurement. This year through the Backing Local Firms Fund, we are taking proactive steps on decarbonisation and supporting two crucial FE sectors - social care and food.

2.2.29 Following engagement with Social Care colleagues, we are running a grant scheme for supporting residential care providers to implement energy efficiency and low carbon measures, helping mitigate the impacts of the cost of energy crisis. The scheme will also provide valuable learning for the plan for the sector to work towards net zero carbon emissions by 2030.

### ***The Development Bank for Wales – including support for employee-owned businesses***

2.2.30 The Development Bank of Wales, through the £500m Wales Flexible Investment Fund can offer a potential debt-based funding route for employee buyouts. Management buy-outs can be supported through the Wales Management Succession Fund.

2.2.31 As of September 2022 the Wales Management Succession Fund has invested over £13.6m in 16 companies. As of July 2022 Wales currently has 40 fully operational employee owned businesses. It is our PfG commitment to increase this to 60 during the current government term.

2.2.32 The contribution made by EU funding has, and continues to be, significant. But the Development Bank is no longer reliant on EU funding or successor UK based funds to sustain investment with Welsh businesses.

- 2.2.33 DBW are currently preparing for the launch of a new offer supporting business decarbonisation and helping businesses reduce their energy costs. Budget for this is additional to funds already under management by DBW. Modelling and planning work is ongoing. £10m capital has been set aside in the budget for next year (over and above existing funds) which can support this and other DBW pilots under development. The Development Bank will communicate on the detail of the scheme and this they will do in due course.
- 2.2.34 DBW is already capitalised to support delivery of our commitments to both increase the use of equity stakes in business support and provide patient capita (which we define as lending over 6 years) to businesses. The ambition is to see equity investment grow to £100m over the next five years.
- 2.2.35 The capitalisation of the funds held by the Development Bank over the last five years, has been critical to ensuring continued stability and liquidity in times of market volatility.
- 2.2.36 Development Bank of Wales investment has grown steadily since launch in 2017, increasing from £68m in 2017/18 to nearly £110m in 2021/22. This is against a backdrop of falling business investment levels - in Q1 of 2022, these were 9% below pre-pandemic levels (source – Economic Intelligence Wales Annual Report, Sept 2022)
- 2.2.37 The new funds supporting businesses that are coming into Wales are welcomed. This includes the new British Business Bank Wales Fund which we understand is expected to begin delivery sometime next year. We do not expect new funds to displace Development Bank of Wales funding already in place as there is scope for all funds to be deployed – particularly given the prevailing economic context where mainstream lenders will be more risk averse.
- 2.2.38 In 2021/22 the Development Bank saw particular growth in North Wales with businesses in the region receiving £30.1m from the overall value of deals compared to £25m in the previous year. South-East Wales had £47m and Mid and West Wales reported £32.1m.
- 2.2.39 FW Capital, a subsidiary of DBW which manages some fund for the British Business Bank in England, fully covers any costs incurred by the DBW group in relation to its operation and some operating profits have been distributed back to the Welsh operation. While the work of FW Capital managing funds delivered in England brings benefits to DBW, the balance of this activity relative to the scale of activity in Wales needs to be kept in balance – DBW exists to support business development in Wales predominantly.

### ***Financial allocation to Business Wales***

- 2.2.40 The Welsh Government is investing £21.9m in the Business Wales service from April 2023 until March 2025 and is committed to continuing to deliver a proactive entrepreneurship and SME business support.
- 2.2.41 The approach will incorporate an overarching national footprint with regionalised elements; balance support for growth and scale-up while spreading prosperity across all parts of Wales; and facilitate a deeper cross government and whole eco system working. The service will evolve and enhance the current service and embed its impact further within the Welsh economy.
- 2.2.42 It is recognised that Business Wales cannot deliver on all local business support provision required by entrepreneurs, micro and SMEs across Wales. The service is designed to

build on its strength as a nationally delivered service and work in partnership to complement local delivery and wider funding opportunities available to the third and public sector in Wales.

2.2.43 The overall service will be a combination of openly procured and in house delivery starting from 2023. The prior information notice was issued in May 2022 and the specification was published on Sell2Wales in November 2022.

***The financial allocations to deliver the Programme for Government commitment to 'seek to double the number of employee-owned businesses'***

2.2.44 The Welsh Government has made a commitment in our Programme for Government in Wales to double the number of employee-owned businesses by 2026. To achieve that, we are committed to providing greater support to ensure Wales-based companies remain in Welsh hands

2.2.45 There are currently 44 in Wales. On average, two to three employee buy-out deals take place here in Wales each year but the scale of the employee-owned sector has grown in the past few years with the potential for many more.

2.2.46 Working with Cwmpas the Welsh Government has approved additional funding to promote the benefits and development of employee ownership in Wales to ensure business based in Wales are aware of the opportunities and benefits it offers.

2.2.47 The Welsh Government's Business Wales and Social Business Wales (£1.7m allocated to social enterprise out of the £21.9m overarching budget) service offers specialist advice to support employee buy outs, with fully funded and bespoke help available to help business owners decide if employee ownership and share schemes are the right solution for their business.

2.2.48 The Wales Flexible Investment Fund operated by DBW offers a potential debt-based funding route for employee buyouts. Management buy-outs can be supported through the Wales Management Succession Fund £25m provides ambitious managers and management teams with the funding they need to buy established Welsh SMEs when their current owners retire or sell up.

***The Community Bank/support for Banc Cambria***

2.2.49 A budget of £0.05m has been allocated in 2023-24 to support costs associated with Community Bank developments. This is covering activity such as specialist advice, support to Cambria Cydfuddiannol Ltd (who established the vision for a community bank in Wales and have subsequently been working with the Monmouthshire Building Society as they develop their plans), and will be used to meet the costs of legal and financial due diligence work on the investment proposition we expect to be brought forward.

2.2.50 To date no direct funding or grant has been provided to the Monmouthshire Building Society who are supporting development of their plans as a commercial proposition.

2.2.51 I remain committed to the creation of a Community Bank in Wales and the emergence of a mutually based and inclusive financial model that serves the people of Wales.

2.2.52 The Welsh Government is engaged with the Monmouthshire Building Society who are now developing their plans for a community bank in Wales.

- 2.2.53 While we are keen to see tangible progress toward delivery of a Community Bank in Wales, the Welsh Government is respectful of the fact that this is a commercial proposition being developed and led by the Monmouthshire Building Society.
- 2.2.54 Welsh Government is expecting the Monmouthshire Building Society to bring forward an investment proposition to support delivery of a Community Bank for Wales. Once received we will consider alignment with our ambitions for a Community Bank and the wider value proposition.
- 2.2.55 Capital for any future investment in support of Community Bank is within the Social Justice MEG of the Minister for Social Justice.

### ***Support for key manufacturing sectors such as aerospace, automotive and steel***

- 2.2.56 The Aerospace and Defence (A&D) industry in Wales is a cornerstone of UK A&D capability with more than 20,000 people employed in the sector, demonstrating the bounce back and resilience of the sector post pandemic. There is a significant presence of 5 of the top 10 Aerospace & Defence companies globally in Wales; Raytheon, GE, Airbus, General Dynamics and Safran all have large footprints, with Airbus and General Dynamics each having two sizeable operations in Wales.
- 2.2.57 There are approximately 200 companies in Wales serving the A&D sector in both design and manufacturing of structures and interiors, systems, MRO (Maintenance, Repair & Overhaul), RPAS (Remotely Piloted Air Systems) / Drones, and producing auxiliary equipment, with strategic Aerospace Enterprise Zones in North, Mid and South Wales.
- 2.2.58 Despite the downtime in aviation due to Covid, which with other sectors such as tourism and hospitality took a massive hit, aerospace is recovering at pace. IATA (the International Air Transport Association), produced statistics in September 2022 which included the post Covid recovery is continuing, with RPKs (Revenue Passenger Kilometres) reaching 73.8% of pre-pandemic levels.
- 2.2.59 ATI reported in November 2022 that the aerospace sector is becoming familiar with disruption. The subsequent rebound and recovery from the pandemic is forecast in terms of global revenue from product deliveries growing from £42bn in 2021 to £61bn in 2022, demonstrating the sector's resilience and agility. While grappling with these challenges, aerospace companies have also been preparing for the sector's most significant transformation since the jet age. This transformation is driven by the need to achieve Net Zero in aviation by 2050.
- 2.2.60 The growth opportunity associated with this transformation will be unprecedented. The ATI estimates that the global market for aircraft deliveries in 2050 will be £220 billion per annum, with zero-carbon aircraft representing a 41% share. To achieve this share, it is expected the value of zero-carbon aircraft deliveries to grow at 34% CAGR through the 2040s.'
- 2.2.61 Other sector predictions include 3.5% annual growth for the next 20 years which equates to the number of people flying doubling in that period. The recovery rate for single aisle aircraft is recovering more quickly but recent reports (summer 2022) suggest that the lag between long haul and short haul recovery is not as wide as first anticipated.
- 2.2.62 WG will continue to support Aerospace Wales in its work to promote the sector. We will also continue to promote the Welsh aerospace sector to potential funding bodies in UK

Government and lobby hard for continued support for the sector, in particular for R&DI activity to assist in the transition to Net Zero. We have also supported the development of a maintenance repair and overhaul cluster to work collaboratively to win further overseas contracts.

- 2.2.63 Space is a small but growing sector in the UK and in Wales. We have a number of world-class players including Airbus, Raytheon and Space Forge, who we will continue to support and promote. Key industrial figures in Wales chair the Welsh Space Leadership Council which is in place to help coordinate activity and benefit from the UK wide space strategy whilst developing our own space strategy focusing on particular strengths.
- 2.2.64 We are progressing with plans to deliver an Advanced Technology Research Centre adjacent to DECA at MOD Sealand, North Wales. It will create a technology and innovation cluster with government(s), industry and academia aligned to cutting-edge emerging technologies in what will become the first of its kind defence-focussed centre of excellence in the UK. Such technologies, developed for defence or military purposes invariably have wider civilian applications and generate long-term commercial and employment opportunities. We are currently estimating planning submissions to be made in the summer of 2023 with the facility being operational in spring 2025. We welcome the up to £10m commitment that the Chancellor announced in the Autumn Statement to support the development of the ATRC. Officials are working with the UK Government to understand the timescales, funding type and any associated terms and conditions of this offer. MOD is the lead Government Department and is discussion with the UK Treasury on the funding commitment.

## **Automotive**

- 2.2.65 Brexit, Covid, the global semi-conductor shortage and the war in Ukraine have all created significant short-medium term pressures for the Welsh automotive industry. The sector has shrunk considerably in the last 4 yrs, after the closure of the Ford engine plant in Bridgend and the Honda plant in Swindon. Currently the sector in Wales comprises of around 150 companies, who mainly manufacture components, employing around 11,000 people. Specifically, we have 2 niche vehicle manufacturers, AML and Riversimple, 35 tier one systems and component manufacturers with the remaining being SMEs who are mostly within the JLR, Toyota and Nissan supply chains.
- 2.2.66 Overall the UK automotive sector is at the forefront of the move away from the internal combustion engine although this transition is not without its technological and infrastructure challenges. New car registrations in the UK totalled c142k units in November up 23.5% year on year. Battery electric vehicles sales also rose 35.2% in November to c29k units. WG continues to back the Welsh Automotive Forum (WAF) in supporting its members migrate to new electrified supply chain opportunities. WAF is currently undertaking a Net Zero mapping exercise to raise awareness of these opportunities and promulgates market intelligence on a monthly basis to its members.
- 2.2.67 WG continues to engage with the UK Government to ensure Wales has access to the relevant funds, including those handled by the Advanced Propulsion Centre (APC) and the Driving the Electric Revolution fund. Examples include Meritor, an automotive engineering company in Cwmbran, who were awarded £31.9m by the APC for a collaborative project to design and develop an electric powertrain system for heavy-duty electric trucks and buses. DG Innovate Ltd (formerly Deregallera Holdings Ltd), in Caerphilly also received significant funding.
- 2.2.68 In this context WG will continue to provide a positive and supportive platform to the Welsh

automotive industry. Recent response to companies' physical presence at the low carbon vehicle show 22, at which I was a lead speaker, indicates strong demand for Welsh manufacturing expertise. If the sector can fully embrace the digital and technological change necessary and with continued support from WG it has a strong future.

## **Steel**

- 2.2.69 Decarbonisation of the steel industry is a priority for the sector. Managing the continuing disparity between UK industrial energy prices and European competitors is critical if we are to enable our energy intensive industries such as steel to invest in decarbonisation technologies.
- 2.2.70 The potential impact of decarbonisation policies on industrial competitiveness requires a balanced system of support across the UK and this must take into account the unique geographical challenges of the industrial regions of Wales. Our pathway to a net zero Wales is challenging, but it will offer opportunities for sustainable growth and more resilient businesses.
- 2.2.71 The UK Government has a particular role to play in this as they hold many of the powers to act in key areas relating to decarbonising the UK steel sector including Carbon Capture, Utilisation and Storage and or Shipping, Hydrogen, and Fuel Switching.
- 2.2.72 In addition to key powers the UK Government also has the resources that are needed to help transform the steel sector as well as other energy intensive industries.
- 2.2.73 To ensure Wales benefits from the support available, we continue to work with the UK Government to maximise the opportunities arising for Welsh industry and business from UK initiatives including the Industrial Energy Transformation Fund, Celsa Steel are one of the Welsh based companies who were successful in receiving £3m of support through IETF.
- 2.2.74 Welsh businesses contribute disproportionately to the revenues generated by the UK Emissions Trading Scheme. We would like more clarity on how revenues from the ETS and other measures are being used to fund energy efficiency and technologies that will enable business to transform to a lower carbon future. Lack of transparency makes it hard for us to defend measures to those who view them as punitive taxes.
- 2.2.75 In terms of support to Tata I continue to meet regularly with Tata Steel at a senior level to understand its latest thinking and look forward to dialogue with Grant Shapps, BEIS SoS to gain clarity on his position regarding support to the company.
- 2.2.76 We continue to imbed best practice in public procurement of steel wherever possible. Our Welsh Procurement Policy Note 'Sourcing steel in major construction and infrastructure projects in Wales' has been strengthened to further align with the UK Steel Charter, by encouraging projects in Wales to source and benefit from high quality British steel wherever possible.

## ***The allocations to deliver Welcome to Wales: priorities for the visitor economy 2020- 25;***

- 2.2.77 In the Welsh Government's tourism strategy, Welcome to Wales: Priorities for the visitor economy 2020-25, the ambition is to grow tourism for the good of Wales, e.g. economic growth that delivers benefits to the people and places of Wales, environmental sustainability and social and cultural wellbeing.

2.2.78 We emphasise the importance of addressing spread of benefits, encouraging increased spend in our economy and tackling seasonality by promoting Wales as a nation you can visit all year round.

2.2.79 £10.630m in 2034-24 and 2024-25 has been invested to support delivery of this priority.

### ***Retail strategy***

2.2.80 The cost-of-living crisis is impacting on consumer habits with potentially serious implications for the retail sector. There will be an inevitable impact on those retailers who trade in discretionary goods and services given that consumer expenditure on discretionary items is likely to be the first sacrifice in any squeeze on personal finances.

2.2.81 Similarly, there will be expectations and pressures on those retailers who trade in essential goods and services, given the impact that rising prices will have on household incomes.

2.2.82 In terms of energy costs, the cost increases for businesses are just as eye-watering and just as consequential as those for consumers. For some retailers a cash increase in their energy bills of £20,000 would require an increase in sales of nearly £100,000 to pay that bill. Rising product and wage costs compound these pressures. I am acutely aware there are no quick fixes, easy solutions or infinite budgets. What we do have however is a willingness to work in social partnership with Welsh Government, employers, business representative bodies and trade unions working together to understand where we are now, where we want to get to and how we can get there.

2.2.83 Last year, with the support of the Deputy Minister for Social Partnership we established the Retail Forum to begin this conversation. We published a [Position Statement](#) in March and a Shared Strategic Vision for Retail will be presented to the Committee at the end of the month (May) - setting out our actions to date alongside our future ambitions.

2.2.84 It is my intention to then, over the coming months to develop a delivery plan, taking into account any recommendations by the Committee following its own inquiry into the Retail (and Hospitality and Tourism).

### ***Allocations to support businesses and workers in the transition to Net Zero, such as those to support the creation of sustainable green jobs, and those that ensure that workers will have the necessary skills to do these***

2.2.85 Net Zero Wales is the next phase of our journey and the first with net zero as our target, working towards a greener, stronger, fairer Wales. Our approach will sustain existing jobs, create employment opportunities and help ensure our industries remain internationally competitive. However, the challenges faced in coming decades cannot be underestimated, and we must all work together to realise the opportunities available.

2.2.86 Our vision is a well-being economy which drives prosperity, is environmentally sound, and helps everyone realise their potential. Delivering a just transition to a low carbon future is critical for Wales. I am working closely with the Minister for Climate Change on how we can refresh Business Wales to reflect our priorities for Net Zero, how we can prioritise support for businesses who contribute the most for Wales with our Economic Contract, and how Development Bank Wales (DBW) can ensure that businesses seeking to decarbonise receive the support that they need.

- 2.2.87 In 2022 Business Wales launched a Green Ambition campaign to help businesses to improve their knowledge and understanding of resource efficiency. The campaign encourages businesses to take action to mitigate their impact on climate change and supports the Welsh Government ambition towards net zero economy. The campaign provided new, easy to access to digital content and interactive online events including a Spotlight Speaker series.
- 2.2.88 The Green Growth Pledge is part of the specialist sustainability support available through Business Wales and is open to all Welsh SMEs regardless of their industry sector. It provides a practical way for businesses to demonstrate their positive impact on the people and places around them and join a growing community of forward-thinking organisations. By signing the Green Growth Pledge each business makes a commitment to one or more actions to help them reduce impact or ensure sustainable performance. Businesses also gain access to a marketing toolkit specifically designed to provide practical information, guides and logos to help promote the actions they have taken to decarbonise and become more sustainable. Since 2016, we have supported 4,403 businesses to adopt or improve environmental sustainability strategies, including the Green Growth Pledge.
- 2.2.89 A new zone is being developed for the Business Wales website to bring together existing content and tools available to support businesses to reduce their use of resources and costs. This zone will act as the focal point for any future advice and support for businesses. It is expected that the zone will be operational late autumn.
- 2.2.90 Business Wales Tendering Advisors help businesses become 'fit for tender' to improve their chances of winning public and private sector contracts, sub-contracting work on larger public-sector projects and securing places on public sector frameworks. Advice is also available on pipeline tender opportunities and how to work collaboratively to secure contracts. In addition, the advisors also help businesses understand public sector procurement, buyer needs and expectations, and how to make the most of the Sell2Wales portal, including help with registration and improving profiles.
- 2.2.91 Our Economic Contract requires businesses seeking investment from us to demonstrate all of the following as a minimum requirement:
- Growth potential (measured for example, by contribution to employment, productivity, or multiplier effects through the supply chain).
  - Fair Work (as defined by the Fair Work Board).
  - Promotion of health, including a special emphasis on mental health, skills, and learning in the workplace.
  - Progress in reducing carbon footprint.
- 2.2.92 For further information businesses should contact the Business Wales Helpline who can explore any support options available. The Business Wales Helpline is available Monday to Friday from 10am to 4pm. The team can be reached by calling 03000 6 03000 or by visiting <https://businesswales.gov.wales/contact-us>
- 2.2.93 The Welsh SMART programmes provide specialist advice and funding for businesses to develop new products and processes that result in decarbonisation. The programmes have access to a wide range of funding mechanisms for Research & Development (R&D) and process improvements, and also employ a team of manufacturing and design advisors. Any business seeking support for R&D related to decarbonisation in Wales should start by making contact with their local Innovation Specialist.

- 2.2.94 Furthermore, resources relating to [Carbon Capture Technology](#) and [Land Management Approaches for Net Zero](#) are available on the Farming Connect website.
- 2.2.95 The Business Wales website has a business finance zone offering specialised guidance and information to help people identify appropriate finance as well as a finance locator <https://businesswales.gov.wales/businessfinance/>.
- 2.2.96 We are working with industry and key stakeholders to develop an understanding on what skills and qualifications are needed for occupations as we transition to net zero. On 17 October the Minister for Education and Welsh Language and I jointly announced [£3m skills boost to the digital and green sector](#) which included £2m investment as part of the PLA programme to support individuals to upskill or re-skill in net zero skills and address skills shortage to ensure the future needs of the economy are met.
- 2.2.97 We will publish our Net Zero Skills Action Plan in the New Year. It will summarise the current net zero skills position in Wales, against the backdrop of our 8 emission sectors and sets out key actions to support businesses and learners to develop a skilled workforce to achieve a just transition to net zero.
- 2.2.98 Our investment of £1.5m in 23-24 for the Flexible Skills programme will also be utilised to focus on Welsh Government key skills policy areas such as Net Zero and Digital Skills where there are identified skills gaps in Wales. This enables workers to have the necessary skills for businesses to transition to Net Zero whilst creating sustainable green job and enables businesses in Wales to have access to the digital skills, they need to be able to innovate, improve and grow.
- 2.2.99 The Apprenticeship investment of £140m in 2023-24 will continue to support the development of Net-Zero skills to meet demand arising from government investment in infrastructure projects, regulatory requirements and the decarbonisation of housing, aligning to broader Welsh Government policies. We will continue to review the content of apprenticeship frameworks and pathways with a focus on developing and adapting those apprenticeships supporting our net zero and sustainability goals.

***Detail on budget allocations relating to the Welsh Government's policy on remote working, including any allocations for co-working hubs***

- 2.2.100 Budget for the remote working policy is not separately identified in the Economy budget. However because we have brought together a test network of hubs detailed in the [Press release - Remote working locations](#) at very low or no cost, we expect future expenditure to be focused on providing enabling tools, such as a digital platform for information and booking. These will be similarly low cost and focused on future commercial sustainability, therefore we expect costs to be managed as a pressure in year.
- 2.2.101 Our Transforming Towns programme is providing nearly £136m to help support the economic and social recovery of our town and city centres. We also have ambitious plans to help people work smart and remotely in Wales. We are trialling a series of community-based remote working hubs, encouraging people to work closer to home and driving footfall back into town centres.

## **Skills & Employability**

***The total quantum of funding intended to be deployed on delivering the Young Persons Guarantee in 2023/24.***

2.2.102 In my [Statement 12 July 2022](#) I updated on the importance of the Young Persons Guarantee in ensuring a better future for our young people and the impact of funding supported across government, particularly the Education and Welsh Language MEG.

***The level of funding intended to be deployed to deliver Personal Learning Accounts in 2023-24.***

2.2.103 The Education and Welsh Language MEG will maintain PLA funding at the same levels as 2022-23, this being £17.89m. It is intended that the allocation of this funding will remain as £15m core allocation, with the remainder as targeted interventions. Of this £1m has already been identified as supporting the Net Zero pilot.

***A consolidated list of all employability programmes funded by the Skills BEL, including: The intended client base / beneficiaries of each programme;***

***Whether they are part of a larger ‘umbrella’ scheme (i.e. the Youth Guarantee)***

***A list detailing the main providers for each of the programmes including their 2023-24 contract values.***

2.2.104 The employability programmes detail is included at **Annex C**.

## **Work-based Learning – Apprenticeships**

### ***The actual 2021-22 and forecast 2022-23 outturn for the apprenticeship programme and traineeship programme***

2.2.105 The actual 2021-22 outturn for the Traineeship programme was £25.5m (inclusive of EU funds of £1.2m). The Traineeship Programme ceased at the end of 2021-22. The actual 2021-22 outturn for the Apprenticeship programme was £147.6m (including EU funds of £31.9m). The potential outturn for this programme in 2022-23 is £160m (including EU funds of £18.8m).

### ***Details of any transfers out of the 2023-24 Work-Based Learning Action to fund Degree Apprenticeships***

2.2.106 The 2023-24 Draft Budget plans for £9m to be transferred to HEFCW to support Degree Apprenticeships, it is anticipated that a transfer of £4m from the Economy MEG to the Education and Welsh Language (EWL) MEG will be actioned as part of the in year supplementary budget process. It is worth noting £5m has been allocated to support Degree Apprenticeships in the HEFCW BEL 4620 within the EWL portfolio.

### ***Details of any funding utilised in 2022-23 and forecast to be used in 2023-24 to develop new apprenticeship frameworks and review existing apprenticeship frameworks.***

2.2.107 We commission new and revised apprenticeship frameworks via contracting arrangements with Skills Development Scotland (SDS). In order to ensure the apprenticeship offer remains current and relevant to the needs of employers in Wales, £190,000 has been allocated in 2022-23 for the development of apprenticeship frameworks. This will commission a review of the Automotive, Transport & Logistics, Digital Technology, Engineering, Hair & Beauty, Retail and Travel & Tourism frameworks; and £20,000 for Welsh translation.

2.2.108 In addition, recognised Development Partners are also able to develop and review frameworks. In 2022-23, Welsh Government has agreed to the non-commissioned development and review of frameworks in the Healthcare and Construction sectors. In 2023-24 these will be progressed with additional framework reviews in the following sectors: Business & Management, Engineering & Advanced Manufacturing and Materials, Education & Information Services and Playwork.

2.2.109 A total of £55,000 has been allocated for equality activity and £30,000 for technical support for the Apprenticeship Vacancy Service to assess the restructuring of the economy, particularly better engagement with 16-24 years olds in vocational training.

2.2.110 The budget also makes provision for research of £255,000 to support re-focusing the skills system in Wales to shape a lifelong learning strategy, supporting employment and corporate innovation. Research is due to conclude by mid-2023.

### ***Details of all demand-management restrictions and actions to manage apprenticeship demand that are in-place, or will be introduced for the apprenticeship programme during 2023-24***

2.2.111 Apprenticeship programme delivery is driven by sector priorities prescribed to our provider network each contract year. The provider network responds to market need in line with these priorities at a regional and national level.

- 2.2.112 Sector priorities are informed by Regional Skills Partnerships, labour market intelligence and interaction with sector bodies. Current priorities include: Health and Social Care & Early Years Care; Digital and Information Technology; and Net Zero sectors and occupations, including energy, housing, renewables, and transport. Science, Technology, Engineering and Mathematics (STEM) and technical sectors and occupations remain a cross-cutting priority, supporting our broader priorities.
- 2.2.113 Aligned to the Young Person's Guarantee and in recognition that young people are disproportionately impacted by the economic downturn, we prioritise delivery towards those aged 16-24. However, it should be stressed that the Apprenticeship Programme is all-age and welcomes all those over the age of 25 who meet eligibility criteria onto the Programme.
- 2.2.114 Our Apprenticeship Action Plan (2017) signalled our intention to move the Apprenticeship programme towards supporting new entrants and employees who are relatively new in their job role. It also identified the need to move away from generic apprenticeships towards those that are sector specific.
- 2.2.115 Our general approach is that employees (excluding disabled individuals) are ineligible for a level 2 Apprenticeship if they have been employed for more than 6 months in the same job role and those employed for more than 12 months are also ineligible for a level 3 Apprenticeship. This helps ensure that entrants onto the programme are able to fully benefit from upskilling opportunities which the Programme provides and enables Welsh Government deliver value for money. There is no employment length restriction in place for learners seeking to undertake a level 4/5 apprenticeship. We have also not restricted the availability of generic apprenticeships to those learners who are disabled or new to employment.
- 2.2.116 However, employees in the priority age group 16-24 are not deemed to be ineligible for an apprenticeship on the grounds of length of employment in their current job role. The only exception to this will be for those Level 2/3 apprenticeships that have been identified as generic, for examples Business Administration, Retail and Customer Service, Team Leading and IT Users, as these will only be available for new recruits. This relaxation will be subject to further review but will apply until at least the end of July 2023.
- 2.2.117 The Employer Incentive Scheme (EIS) focuses on helping disabled apprentices into work and training. EIS will help to increase the participation of this disadvantaged group and will help us achieve our target of eradicating the gap between the employment rate in Wales and the UK by 2050 with a focus on Fair Work and raising labour market participation of under-represented groups. In addition, we also provide in-work support for this cohort to ensure that they are adequately supported to complete their apprenticeship programme.
- 2.2.118 Welsh Medium / Bilingual provision is targeted, 50% of Welsh first language learners who commence an apprenticeship within the sectors of Health Care, Construction and Agriculture are expected to undertake all or part of their apprenticeship in Welsh. We are working with Coleg Cymraeg Cenedlaethol to achieve the aims of Cymraeg 2050: A million Welsh speakers.
- 2.2.119 We are currently co-designing our 2023/24 contract year eligibility criteria with the apprenticeship provider network, this process will continue into the New Year and communicated via contract commission letters.

## **Regional Skills Partnerships**

### ***Details of the funding and purpose***

2.2.120 We continue to work closely with the RSPs who have the specific role of engaging with employer networks, further and higher education institutions and other stakeholders to identify regional priorities and make recommendations to Welsh Government, which in turn, inform skills funding decisions and future skills policy direction. Each RSP receives £0.29m per annum to support this work.

2.2.121 RSPs are finalising new three-year employment and skills plans covering 2022-25, based upon employer led intelligence. It is expected that these plans will be completed by the end of the year and published on RSP websites. In addition, RSP's will deliver labour market intelligence to support other PFG commitments, including Digital Skills, Welsh Language, Net Zero and National Occupational Standards

2.2.122 A further allocation of £0.08m in total is estimated for the 2023-24 financial year to continue engagement work with delivery partners as Wales transitions to a post-EU funds provision landscape.

### ***Details of any other funding intended to support the operation of Regional Skills Partnerships but which is not allocated directly to them***

2.2.123 Welsh Government does not provide any other funding to support the operation of Regional Skills Partnerships.

## **Research, Development, and Innovation**

### ***Details of any funding during 2023-24 intended to resource Welsh Government's five priorities for research and innovation in Wales;***

2.2.124 The innovation strategy will be launched early in 2023 and will include further detail on our priorities for RD&I and our funding commitments.

2.2.125 A budget of £35m for Research and Innovation has been committed to in the budget and is split as follows: £10m for 2022-23, £10m for 2023-24 and £15m for 2024-25.

2.2.126 We are currently concluding Phase 2 of Ser Cymru, Phase 3 of Ser Cymru will shortly launch in 2023-24 and continue in 2024-25.

2.2.127 The funding allocated in this budget to support Innovation are outlined below.

	21/22 Final	22/23 Draft	23/24	24/25	Total Budget
	Budget £'000	Budget £'000	Indicative Draft Budget £'000	Indicative Draft Budget £'000	£'000
Capital	4,066*	5,000	5,000	10,000	20,000
Revenue	604**	604	604	300	1,508

\* This figure represents core WG funding only – it excludes EU funding for the SMART programmes which ran at c. £20m p.a.

\*\* Of the Revenue budget, £0.304m in years 22/3 and 23/4 represents the overhead costs of the Intermediary Body needed to administer and monitor EU Structural and wider grant Funds. This element drops out in 2024/25 with a renewed focus on access to UK Innovate funding for example.

2.2.128 The funding allocated in this budget to support Science are outlined below.

	21/22 Final Budget £'000	22/23 Draft Budget £'000	23/24 Indicative Draft Budget £'000	24/25 Indicative Draft Budget £'000	Total Budget £'000
Capital	4,874	5,000	5,000	£5,000	£15,000
Revenue	1,350	1,350	1,200	1,200	3,750

***Details of any funding during 2023-24 intended to resource the Innovation Strategy for Wales.***

2.2.129 As outlined above, any external costs for consultation, publication and marketing for the Innovation Strategy will be met from the Business Innovation BEL. There is no hypothecated budget to resource the new Innovation Strategy in financial year 23-24. Instead, the budget represents a combination of on-going commitments, existing programmes and projects and new proposals from business, academia, third sector, etc., which will all be assessed against the priorities and desired outcomes contained in the Strategy.

***Details of the funding for research and innovation across the whole of Welsh Government.***

2.2.130 Currently several different parts of the Welsh Government operate with distinctive policy objectives (serving at least 5 different Ministers) servicing R&D, Innovation, Tertiary Education (including Skills) and Science policy themes. There is no overarching lead given the separate and differing needs and objectives of the respective Ministers operating levels of support for Research and Innovation. However, the forthcoming Innovation Strategy will look to harness interests going forward in support of greater transparency.

**Trade**

***Details of any funding support for trade including promotion, support for businesses or investment in infrastructure linked to trade***

2.2.131 As part of this budget, we have allocated £4.192m to support the Export, Trade and Inward Investment.

2.2.132 The budget supports our efforts to promote Wales as a destination for inward investment, a key commitment in the International Strategy and the Economic Mission. The activity focusses on opportunity-led investment and on those segments of the economy where Wales can demonstrate international class capabilities including compound semiconductors, fintech, cyber security, marine energy, specific aspects of life science such as regenerative medicine, neuroscience and medtech; and next generation manufacturing particularly across the mobility agenda.

2.2.133 As part of this, an extensive engagement programme is being delivered with our own overseas offices, wider networks, critical industry clusters and stakeholders to raise the profile of investment opportunities in Wales. This includes event attendance and sponsorships, dedicated seminar activity, journalistic content creation and direct company engagements across the globe. Any funded activity requires the completion of post evaluation forms to ensure outputs are captured.

***The financial allocations to deliver the 'Export Action Plan for Wales'***

2.2.134 The £4m funding allocated to deliver the Plan ensures we have a comprehensive range of export programmes to support businesses on their export journey, from - inspiring businesses to export; building export capability; finding overseas customers; and accessing overseas markets. International trade, however, continues to be impacted by the changed requirements for businesses in trading with the EU (our largest trading partner); the ongoing impacts of COVID-19 (which differs in various overseas markets), and other global issues, including the war in Ukraine. The latest provisional export statistics report for the year ending June 2022 that the value of goods exports from Wales was £18.4 billion, an increase of more than a third compared to the previous 12- month period and up £0.7 billion compared to the year ending June 2019, indicating that goods exports have recovered beyond pre-pandemic levels. It should be noted, however, that the value of Wales' goods exports are potentially much lower than would have been the case in the absence of these global challenges. The funding therefore will maintain our focus to continuing to driving further growth in Welsh exports.

***Details of any funding during 2023-2024 intended for the development of free ports in Wales***

2.2.135 There are no allocations in the Draft Budget 2023-24 for Freeports. Any funding provided to the successful Freeport during this period, will be supplied by the UK Government.

2.2.136 This is likely to include the transfer up to £1m revenue funding to Welsh Government which will be provided to the successful freeport to support the development of their outline and final business cases.

***Details of any funding during 23-24 intended for development, construction and associated running costs of Border Control Posts in Wales.***

2.2.137 Progress to develop appropriate Border Control Posts (BCPs) in Wales has been hampered as a result of the UK Government's decision to review the Target Operating Model (TOM) for borders, as announced in April 2022.

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2.2.138 With events in Westminster, the final proposals for the TOM have been delayed and publication is not expected until after Christmas, against the previous expectation of late autumn 2022. In the absence of an agreed TOM, decisions on BCPs in Wales cannot be finalised. In accordance with the UK Statement of Funding Policy, the BCP facilities should be funded in full by the UK Government as the costs have arisen because of the UK Government's EU Exit policy. Our expectation is, therefore, that the UK Government will provide the full necessary funding required to ensure there is no financial burden on the Welsh Government.

2.2.139 The Chief Secretary to the Treasury has previously committed to fund necessary build costs. Consequently, Welsh Government has made no provision in our 2023-24 budget for these costs.

2.2.140 As we explained previously, the UK Government has not committed to funding the running costs, including the costs to set up the arrangements. Welsh Government believes these should also be met.

2.2.141 We are continuing our discussions with HMT, including seeking reimbursement of our 2022-23 costs at UK Supplementary Estimates, and we are expecting resolution shortly. The main costs in 2022-23 relate to the design work of the Holyhead BCP. We have previously explained that decisions on the facilities needed to serve the Pembrokeshire ports would await the agreement of the TOM.

**Summary**

2.2.142 The Economy MEG Draft Budget for 2023-24 is presented to the Committee for consideration.

**Vaughan Gething**

**Minister for Economy**

Paper 04a - Annex A – Budget Expenditure Lines – Economy MEG

ANNEX A							
RESOURCE							
Budget Expenditure Line	2022-23 Final Budget March 2022	2023-24 Indicative Final Budget March 2022	Change	2023-24 Draft Budget December 2022	2024-25 Indicative Final Budget March 2022	Change	2024-25 Indicative Draft Budget December 2022
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Business & Regional Economic Development	12,298	10,548	-1,088	9,460	10,548	-1,088	9,460
Business Wales	17,116	26,559		26,559	22,463		22,463
Tech Valleys	2,250	2,025		2,025	2,025		2,025
Valleys Task Force	100	100		100	100		100
Export, Trade and Inward Investment	4,692	4,692	-500	4,192	4,692	-500	4,192
<b>Action: Business Wales / Entrepreneurship and Regional Economy</b>	<b>36,456</b>	<b>43,924</b>	<b>-1,588</b>	<b>42,336</b>	<b>39,828</b>	<b>-1,588</b>	<b>38,240</b>
Property Infrastructure	6,868	6,868		6,868	6,868		6,868
<b>Action: Economic Infrastructure Development</b>	<b>6,868</b>	<b>6,868</b>	<b>0</b>	<b>6,868</b>	<b>6,868</b>	<b>0</b>	<b>6,868</b>
Healthy Working Wales	831	563	-563	0	563	-563	0
Corporate Programmes & Services	861	861	-121	740	861	-121	740
Strategic Business Events and Communications	200	200		200	200		200
<b>Action: Corporate Programmes</b>	<b>1,892</b>	<b>1,624</b>	<b>-684</b>	<b>940</b>	<b>1,624</b>	<b>-684</b>	<b>940</b>
Apprenticeships	117,033	122,033	18,000	140,033	127,033	18,000	145,033
<b>Action: Apprenticeships</b>	<b>117,033</b>	<b>122,033</b>	<b>18,000</b>	<b>140,033</b>	<b>127,033</b>	<b>18,000</b>	<b>145,033</b>
Employability Including Young Persons Guarantee	90,936	85,936	-2,178	83,758	100,336	-1,536	98,800

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ANNEX A							
RESOURCE							
Budget Expenditure Line	2022-23 Final Budget March 2022	2023-24 Indicative Final Budget March 2022	Change	2023-24 Draft Budget December 2022	2024-25 Indicative Final Budget March 2022	Change	2024-25 Indicative Draft Budget December 2022
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employability Including Young Persons Guarantee - Non cash	1,400	1,400	0	1,400	1,400	0	1,400
Communities for Work	3,972	8,972	14,062	23,034	3,972	14,062	18,034
Communities for Work - Non cash	36	36	5	41	36	-36	0
<b>Action: Employability Including Young Person Guarantee</b>	<b>96,344</b>	<b>96,344</b>	<b>11,889</b>	<b>108,233</b>	<b>105,744</b>	<b>12,490</b>	<b>118,234</b>
Business Innovation	604	604	0	604	300	0	300
<b>Action: Innovation</b>	<b>604</b>	<b>604</b>	<b>0</b>	<b>604</b>	<b>300</b>	<b>0</b>	<b>300</b>
Science	1,350	1,350	-150	1,200	1,350	-150	1,200
<b>Action: Science</b>	<b>1,350</b>	<b>1,350</b>	<b>-150</b>	<b>1,200</b>	<b>1,350</b>	<b>-150</b>	<b>1,200</b>
Tourism	11,962	10,762	-132	10,630	10,762	-132	10,630
Events Wales	4,718	4,718	-52	4,666	4,718	-52	4,666
<b>Action: Promote and Protect Wales' Place in the World</b>	<b>16,680</b>	<b>15,480</b>	<b>-184</b>	<b>15,296</b>	<b>15,480</b>	<b>-184</b>	<b>15,296</b>
Arts Council of Wales	32,408	33,023	282	33,305	34,139	-149	33,990
Arts Council of Wales - Non cash	119	119	0	119	119	0	119
Amgueddfa Cymru - National Museums of Wales	25,086	25,573	1,302	26,875	26,543	1,606	28,149
Amgueddfa Cymru - National Museums of Wales - Non cash	2,400	2,400	0	2,400	2,400	0	2,400
National Library of Wales	11,060	11,270	549	11,819	11,651	700	12,351
National Library of Wales - Non cash	1,250	1,250	0	1,250	1,250	0	1,250
Support for Local Culture and Sport	5,217	6,167	262	6,429	8,567	16	8,583

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ANNEX A							
RESOURCE							
Budget Expenditure Line	2022-23 Final Budget March 2022	2023-24 Indicative Final Budget March 2022	Change	2023-24 Draft Budget December 2022	2024-25 Indicative Final Budget March 2022	Change	2024-25 Indicative Draft Budget December 2022
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Creative Wales	7,038	7,138	-19	7,119	7,188	-19	7,169
<b>Action: Support for Culture and the Arts</b>	<b>84,578</b>	<b>86,940</b>	<b>2,376</b>	<b>89,316</b>	<b>91,857</b>	<b>2,154</b>	<b>94,011</b>
Cadw	8,301	8,503	703	9,206	8,880	633	9,513
Cadw - Non cash	5,480	5,480	0	5,480	5,480	0	5,480
National Botanic Garden of Wales	594	594	-7	587	594	-7	587
Royal Commission on the Ancient and Historical Monuments for Wales	1,654	1,685	42	1,727	1,741	74	1,815
Royal Commission on the Ancient and Historical Monuments for Wales - Non cash	134	134	0	134	134	0	134
<b>Action: Support the Historic Environment</b>	<b>16,163</b>	<b>16,396</b>	<b>738</b>	<b>17,134</b>	<b>16,829</b>	<b>700</b>	<b>17,529</b>
Sport Wales	21,967	22,533	504	23,037	23,289	122	23,411
Sport Wales - Non Cash	779	779	0	779	779	0	779
<b>Action: Sports and Physical Activity</b>	<b>22,746</b>	<b>23,312</b>	<b>504</b>	<b>23,816</b>	<b>24,068</b>	<b>122</b>	<b>24,190</b>
Programme Support	1,707	1,707	0	1,707	1,707	0	1,707
<b>Action: Managing European Funding</b>	<b>1,707</b>	<b>1,707</b>	<b>0</b>	<b>1,707</b>	<b>1,707</b>	<b>0</b>	<b>1,707</b>
<b>MEG: ECONOMY</b>	<b>402,421</b>	<b>416,582</b>	<b>30,901</b>	<b>447,483</b>	<b>432,688</b>	<b>30,860</b>	<b>463,548</b>

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ECONOMY								
CAPITAL								
Budget Expenditure Line		2022-23 Final Budget March 2022	2023-24 Indicative Final Budget March 2022	Change	2023-24 Draft Budget December 2022	2024-25 Indicative Final Budget March 2022	Change	2024-25 Indicative Draft Budget December 2022
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
Business & Regional Economic Development		30,230	26,850	0	26,850	22,650	0	22,650
Business & Regional Economic Development - Repayment		-2,792	-14,312	0	-14,312	-1,487	0	-1,487
Tech Valleys		5,000	5,000	0	5,000	5,000	0	5,000
<b>Action:</b>	<b>Business Wales / Entrepreneurship and Regional Economy</b>	<b>32,438</b>	<b>17,538</b>	<b>0</b>	<b>17,538</b>	<b>26,163</b>	<b>0</b>	<b>26,163</b>
Business Finance Funds		5,000	10,000	0	10,000	15,000	0	15,000
Business Finance Funds - Repayment		-24,400	0	0	0	-46,400	0	-46,400
<b>Action:</b>	<b>Development Bank of Wales</b>	<b>-19,400</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>	<b>-31,400</b>	<b>0</b>	<b>-31,400</b>
Property Infrastructure		10,000	10,000	0	10,000	10,000	0	10,000
Property Infrastructure - Repayment		-290	-290	0	-290	-290	0	-290
<b>Action:</b>	<b>Economic Infrastructure Development</b>	<b>9,710</b>	<b>9,710</b>	<b>0</b>	<b>9,710</b>	<b>9,710</b>	<b>0</b>	<b>9,710</b>
Employability Including Young Persons Guarantee		1,920	2,000	0	2,000	2,000	0	2,000
<b>Action:</b>	<b>Employability Including Young Persons Guarantee</b>	<b>1,920</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>
Business Innovation		5,000	5,000	0	5,000	10,000	0	10,000
<b>Action:</b>	<b>Innovation</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>
Science		5,000	5,000	0	5,000	5,000	0	5,000
<b>Action:</b>	<b>Science</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>
Tourism		5,000	5,000	0	5,000	5,000	0	5,000
<b>Action:</b>	<b>Promote and Protect Wales' Place in the World</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>

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ECONOMY							
CAPITAL							
Budget Expenditure Line	2022-23 Final Budget March 2022	2023-24 Indicative Final Budget March 2022	Change	2023-24 Draft Budget December 2022	2024-25 Indicative Final Budget March 2022	Change	2024-25 Indicative Draft Budget December 2022
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Arts Council of Wales	400	400	0	400	400	0	400
Amgueddfa Cymru - National Museums of Wales	4,500	5,000	0	5,000	5,000	0	5,000
National Library of Wales	2,500	2,000	0	2,000	2,000	0	2,000
Support for Local Culture and Sport	11,700	21,500	0	21,500	24,700	0	24,700
Creative Wales	5,000	5,000	0	5,000	5,000	0	5,000
<b>Action:</b> Support for Culture and the Arts	<b>24,100</b>	<b>33,900</b>	<b>0</b>	<b>33,900</b>	<b>37,100</b>	<b>0</b>	<b>37,100</b>
Cadw	10,000	10,000	0	10,000	10,000	0	10,000
National Botanic Garden of Wales	1,200	200	0	200	200	0	200
Royal Commission on the Ancient and Historical Monuments for Wales	50	50	0	50	50	0	50
<b>Action:</b> Support the Historic Environment	<b>11,250</b>	<b>10,250</b>	<b>0</b>	<b>10,250</b>	<b>10,250</b>	<b>0</b>	<b>10,250</b>
Sport Wales	8,001	8,016	0	8,016	8,016	0	8,016
Sports Capital Loans Scheme	-227	-227	0	-227	-231	0	-231
<b>Action:</b> Sports and Physical Activity	<b>7,774</b>	<b>7,789</b>	<b>0</b>	<b>7,789</b>	<b>7,785</b>	<b>0</b>	<b>7,785</b>
<b>MEG:</b> ECONOMY	<b>82,792</b>	<b>106,187</b>	<b>0</b>	<b>106,187</b>	<b>81,608</b>	<b>0</b>	<b>81,608</b>

Paper 04b - Annex B – Action level commentary within the MEG

**ANNEX B - Action level commentary within the MEG<sup>3</sup>**

**Resource**

***Business Wales / Entrepreneurship and Regional Economy Action***

- There has been a net reduction to the Action of £1.588m from the indicative final budget 2023-24, taking the total funding for 2023-24 to £42.336m and £38.240m in 2024-25. The net reduction relates to reprioritisation of funding of £1.088m from the Business Development BEL 3751, predominately due to a reduced contribution to the Life Science Hub and Industrial Transformation. A further reduction of £0.5m has been taken from the Export Trade & Investment BEL 3754. These reductions reflect the Economy MEG's contribution towards the wider Welsh Government reprioritisation exercise.

**Business & Regional Economic Development BEL**

- Funding within this BEL supports partnerships, engagement and initiatives to progress the ambitions in Economic Mission The [Mission](#), and employability for inclusive growth and building the economy for long term sustainability.
- It also supports Arfor 2 with £11m funding over 3 years, £3m 2022-23, £4m 2023-24 and £4m 2024-25. The programme will be delivered by local authority partners which will help strengthen the economic resilience of Welsh language strongholds and is part of the Co-operation Agreement with Plaid Cymru. The main objective of Arfor 2 is to support the communities that are strongholds of the Welsh language to flourish through economic interventions which will also contribute to increasing opportunities to see and use the Welsh language daily.

**Business Wales BEL**

- The budget supports youth entrepreneurship and the young person's guarantee, start-ups, micro-businesses, SMEs, disability champions, social enterprise and responsible business practices. The services support those with hidden barriers and targeted support will continue to be delivered to support such as female and youth entrepreneurs and BAME groups.
- The budget also includes provision of £3m for the foundational economy enabling jobs at the heart of local communities across sectors such as care and health services; food; housing; energy; tourism; construction and retail.

**Tech Valleys BEL**

- The budget supports the Welsh Government's initiative of a £100m commitment over 10 years to create 1,500 sustainable jobs focused on Blaenau Gwent and hinterland by capitalising on opportunities arising from the fourth industrial revolution, encouraging the

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<sup>3</sup> Actions: Support for Culture and Arts, Support the Historic Environments, Sport and Physical Activity are covered by Culture, Communications, Welsh Language, Sport and International Relations Committee

adoption of digital technologies and developing high value advanced technologies that support cutting edge industries. Most recently investments were announced which supports the Mission: [Robotics workshop](#) and the [Resilientworks](#).

#### Valleys Task Force BEL

- Funding maintains an annual revenue budget of £0.1m to support the capital programme to deliver Our Valleys Our Future programme.

#### Export, Trade and Inward Investment BEL

- The Export Action Plan was published on 15 December 2020: [Written statement](#). The budget will invest in services to help exports and recognises the value of Wales as a trading nation. The Plan has put in place support for businesses at all stages of their export journey, including through dedicated ‘on-the ground’ support and advice via our team of International Trade Advisers, based across Wales. To inspire a culture of exporting and internationalisation amongst Welsh businesses.

#### ***Economic Infrastructure Development Action***

- Property Infrastructure’s resource budget is being maintained at £6.868m per annum from indicative final budget 23-24.

#### Property Infrastructure BEL

- Funding in this BEL ensures adequate supply of employment sites and premises to secure competitive advantage in attracting, retaining and growing businesses in Wales. The revenue budget ensures that Welsh Ministers meet their legal and statutory obligations as landlords and land owners in managing the Economic development property portfolio, including the management of St Athan and the unitary payments under the Lloyd George Avenue PFI scheme. The budget is supplemented by other income, primarily rental receipts and profits from disposing of land and buildings.

#### ***Corporate Programmes Action***

- There has been a net reduction to the Action of £0.684m from the indicative final budget 2023-24, taking the total funding for the Action to £0.940m per annum. The net reduction relates to withdrawal of the Economy MEG contribution to support the Healthy Working Wales programme £0.563m and a reduction of £0.121m to the Corporate Programme & Services BEL 4023. These reductions relate to the Economy MEG’s contribution to support the wider Welsh Government reprioritisation exercise.

#### Healthy Working Wales BEL

- The Healthy Working Wales budget delivered workplace initiatives supporting the healthy and active ambitions set out in the programme for Government. The funding included the Mind Cymru Time to Change Wales programme, which challenged negative attitudes and behaviours in the workplace towards mental health problems. This was a joint initiative between the Economy and Health portfolio.

### Corporate Programmes & Services BEL

- The Corporate Programmes annual budget includes the business customer relationship management system expenditure, which was utilised during the pandemic to process Economic Resilience Fund (ERF) grants. The budget also has provision for reviews.

### Strategic Business Events and Communications BEL

- The Communications budget of £0.2m each year supports business events and strategic engagement

### ***Apprenticeships Action***

- There has been a net increase to the Action of £18.0m from the indicative final budget 2023-24, taking the total funding to £140.033m in 2023-24 and £145.033m in 2024-25. The net increase relates to an additional allocation from Central Reserves to support Apprenticeships delivery.

### Apprenticeships BEL

- The revenue budget supports the delivery of the apprenticeship programme. Apprenticeships is an employed status programme which provides transferable, upskilling training via a network of Further Education and private training providers. Apprenticeships is an all-age Programme which prioritises learners between the ages of 16 and 24, those new to employment and delivery in those sectors which most benefit the Welsh economy such as STEM, health and social care and supports our net-zero ambitions.

### ***Employment and Skills Action***

- There has been a net increase to the Action of £11.889m from the final indicative budget, taking the total funding per annum to £108.233m in 2023-24 and £118.234m in 2024-25. The net increase relates to a transfer in from the Finance and Local Government MEG of £14.062m for the Children and Communities Grant, an increase to the Careers Wales net allocation of £1.022m in 2023-24 and £1.664m in 2024-25 to help provide support for pay. As a result of the Economy MEG's contribution to the Welsh Government reprioritisation exercise there is a 1.1% reduction of £0.209m. and inflationary increases and less £3.2m reprioritised funding from the Jobs Growth Wales+ and sundry programmes. An additional £0.005m has also been transferred from Reserves to support the non-cash element on the Communities for Work programme in 2023-24, but this funding finishes in financial year 2024-25.

### Employability Including Young Persons Guarantee BEL

- The budget funds the development and delivery of strategies, policies and programmes which assist people to access, return to, remain in, and progress at work through skills and training support; underpinning the PFG commitment to deliver the Young Persons Guarantee, giving everyone under 25 the offer of work, education, training, or self-employment. The budget also supports the commitments to build on the success of the Wales Union Learning Fund; support the Wales TUC proposals for union members to

become Green Representatives in the workplace and strengthen Regional Skills Partnerships. It facilitates a direct response to assist the growth of individual businesses through workforce development and provides sector-based, employer-led and wider solutions to respond to identified skills needs such as digital and net zero in Welsh Government priority areas which are important for the economy of Wales.

- The BEL also provides funding for Careers Wales which delivers a national, all age, impartial and bilingual careers information, advice and guidance (CIAG) service in Wales.

#### Employability Including Young Persons Guarantee - Non cash BEL

- In addition to the revenue budget above, there is an annual non-cash depreciation budget of £1.4m for Careers Wales.

#### Communities for Work BEL

- The revenue budget supports Communities for Work Plus (CfW+) as Welsh Government's primary means of providing employability support to those most disadvantaged in the labour market. I announced the [Replacement of EU-funded programmes to support people with complex barriers to find work](#) in May 2022. The Communities for Work (CfW) and Parents, Childcare and Employment (PaCE) programmes end on 31 March 2023 with closure in October 2023. Both programmes have provided community based, intensive mentoring and training to young people aged 16 to 24 who are NEET, and economically inactive and long-term unemployed individuals with complex barriers, aged 25 and over.

#### Communities for Work – Non-cash Work BEL

There is a small provision for the depreciation for IT equipment.

#### ***Innovation Action***

- There has been no change from the indicative final budget 2023-24. The total funding stands at £0.604m in 2023-24 and £0.300m in 2024-25.

#### Business Innovation BEL

- The BEL funds the financial support for Research, Development & Innovation (R&DI) schemes, the SMART suite of programmes, Smart Business Research Initiative (SBRI) Accelerator and Collaborative Innovation Support Programme (CRISP), despite European funding ending in 2023/24, our priorities continue to be:
  - Deployment of research, development and innovation capacity to support our Programme for Government, focusing on climate change, environmental recovery and decarbonisation;
  - Building further on Welsh research, development and innovation capacity in the Health and Life Sciences;
  - Developing a cross-Welsh Government innovation strategy for growth and skill development in the established research and innovation base.

### ***Science Action***

- There has been a net reduction to the Action of £0.150m from the indicative final budget 2023-24 taking the total funding per annum to £1.2m. The net reduction relates to reprioritisation of £0.150m funding to support wider Welsh Government priorities and will not impact on maintaining my commitment to activity in this area

### Science BEL

- The revenue budget includes re-establishing a new National Science Academy grant programme designed to support Science, Technology, Engineering and Maths (STEM) studies, activities and promote careers choices in science throughout Wales. This budget also contributes to Welsh Government's Office for Science promotion and engagement activities including stakeholder engagement seminars, public attitude Science surveys, British Science Week, Science in the Senedd, Welsh Joint Education Committee (WJEC) Innovation and CREST Awards, LSW Medals, commissioned science performance reviews and promotion of diversity & gender equality in R & I and Science, Technology, Engineering and Maths (STEM).

### ***Promote and Protect Wales' Place in the World Action***

- There has been a net reduction to the Action of £0.184m from the indicative final budget 2023-24, taking the total funding per annum to £15.296m. The net reduction relates to reprioritisation of funding of £0.132m from the Tourism BEL 6250 which relates to a reduction in campaign budget available to promote Wales as a tourism destination to European markets as part of world cup legacy and £0.052m from the Events Wales BEL 4231, whilst maintaining delivery to our key priorities to support wider Welsh Government priorities.

### Tourism BEL

- Funding supports the tourism development and marketing investment which is aligned to our overall strategy - [Welcome to Wales-Priorities for the Visitor Economy 2020-2025](#) - to grow tourism for the good of Wales, delivering economic, environmental, and social benefits.

### Events Wales BEL

- In line with the new [The National Events Strategy for Wales 2022 to 2030 | GOV.WALES](#) the annual budget will continue to support Wales-grown sports, arts and business events as well as looking to the opportunities offered by international events, such as the joint UK and I 2028 Euros bid. We will invest to support events that deliver economic, social and cultural benefits and legacies in line with the new strategy.
- We will continue to aim for a full geographic and seasonal spread of events around Wales, including supporting development of event-relevant infrastructure, and support the growth of a strong and sustainable sector in Wales by investing in skills and supply chain development.

### ***Managing European Funding Action***

- There has been no change to this Action from the indicative final budget 2023-24. The total funding per annum is maintained at £1.707m.

#### Programme Support BEL

- The annual budget of £1.7m delivers the Wales European Funding Office Technical Assistance EU funded operations.

### **Capital**

### ***Business Wales / Entrepreneurship and Regional Economy Action***

- There has been no change from the indicative final budget 2023-24. The total funding per annum is £17.538m in 2023-24 and £26.163m in 2024-25.

#### Business & Regional Economic Development BEL

- Funding supports the capital funding available for the Economy Futures Fund and other strategic developments in supporting businesses. The Development Bank of Wales (DBW) also improves the ability of businesses in Wales to access finance and supports the creation and safeguarding of jobs with designated Funds which aim to unlock potential in the economy of Wales by increasing the provision of sustainable, effective finance in the market.

#### Business & Regional Economic Development – Repayment BEL

- Repayable Funding supports the capital funding available for the Economy Futures Fund and other strategic developments in supporting businesses.

#### Tech Valleys BEL

- Funding within this BEL is to support Welsh Government's initiative for a £100m commitment over 10 years to create 1,500 sustainable jobs focused on Blaenau Gwent and hinterland by capitalising on opportunities arising from the fourth industrial revolution, encouraging the adoption of digital technologies and developing high value advanced technologies that support cutting edge industries. Most recently investments were announced which supports the Mission: [Robotics workshop](#) and the [Resilientworks](#).

### ***Development Bank of Wales Action***

- There has been no change from the indicative final budget 2023-24 the total funding per annum is £10m in 2023-24 and £-31.4m in 2024-25.

#### Business Finance Funds BEL

- Funding within this BEL is to support The Development Bank of Wales (DBW) which improves the ability of businesses in Wales to access finance and supports the creation and

safeguarding of jobs with designated Funds which aim to unlock potential in the economy of Wales by increasing the provision of sustainable, effective finance in the market. The Development Bank of Wales is well placed to help Welsh businesses through, and to recover from, the pandemic and access finance they need to start up, strengthen and grow. It can provide loans from £1k right up to £10m, as well as mezzanine, and equity funding; and helps businesses find the right finance partner to leverage in private finance with its own gap finance when necessary.

#### Business Finance Funds – Repayment BEL

- No budget allocated for 2023-24.

#### ***Economic Infrastructure Development Action***

- There has been no change from the indicative final budget 2023-24. The total funding has been maintained at £9.71m per annum.

#### Property Infrastructure BEL

- The capital budget is supplemented by receipts from land and property sales. This enables delivery of modern sites and buildings that are capable of meeting companies' timescales for occupation to provide Wales with a real competitive advantage over other locations. All direct build commercial projects undertaken will aim to achieve a Net Zero carbon in use standard and the Welsh Government's Sustainable Buildings Policy will apply to projects delivered in partnership with others.

#### Property Infrastructure – Repayment BEL

- Property Infrastructure financial transaction repayments begin in 2022-23 and will continue until 2038-39.
- Repayments relate to £8.950m funding issued between 2015-16 and 2018-19. Funding of £2.750m was issued under the Property Development Fund £2.750m in 2015-16 and £6.200m was awarded to Swansea Council for retail and leisure purposes (£5.500m in 2017-18 and £0.700m in 2018-19). Property Infrastructure financial transaction repayments begin in 2022-23 and will continue until 2038-39.

#### ***Employability Including Young Persons Guarantee Action***

- There has been no change from the indicative final budget 2023-24 budget. The annual capital investment of £2m supports the Careers Wales activity for IT and estates strategy to align to [Future Wales: The National Plan 2040](#). Strategic environmental development and sustainability will be built into the new spatial strategy with a focus on the national and regional growth areas through adopting the 'Town centre first' approach.

#### ***Innovation Action***

- We have maintained investment within this Action compared to the indicative final budget 23-24. The total funding is £5m in 2023-24 and £10m in 2024-25.

### Business Innovation BEL

- Financial support for Research, Development & Innovation (R&DI) schemes, the SMART suite of programmes, Smart Business Research Initiative (SBRI) Accelerator and Collaborative Innovation Support Programme (CRISP), despite European funding ending in 2023/24, our priorities continue to be:
  - Deployment of research, development and innovation capacity to support our Programme for Government, focusing on climate change, environmental recovery and decarbonisation;
  - Building further on Welsh research, development and innovation capacity in the Health and Life Sciences;
  - Developing a cross-Welsh Government innovation strategy for growth and skill development in the established research and innovation base.

### **Science Action**

- There has been no change from the indicative final budget 2023-24 to this Action. Funding has been maintained at £5m per annum.

### Science BEL

- The capital budget continues the internationally recognised Sêr Cymru programme that helps maximise the beneficial impacts of research expertise, specialist innovation facilities and supply of talented researchers. This programme (highlighted in Nov 2021 by Welsh Government as one of the five R,D& I priorities) has already helped build a depth of researchers and science infrastructure in Wales which did not exist previously and contributed to improving Wales science and research performance over the past decade.

### **Promote and Protect Wales' Place in the World Action**

- There has been no change from the indicative final budget 2023-24. We have maintained our investment in this Action with the total funding per annum at £5m.

### Tourism BEL

- The planned annual capital investment of £5m in high quality visitor experiences and a Brilliant Basics fund for small scale tourism infrastructure improvements. This allocation is available alongside the Wales Tourism Investment Fund, which is delivered in partnership with the Development Bank of Wales.

Paper 04c - Annex C – Employability Programme Details

**Annex C – Employability Programme Details**

**ReAct+: part of YPG**

- ReAct+ is a grant funded programme which has a budget of £13.25m in 2023-24. The ReAct programme ended on 31 May 2022. The new ReAct+ adult employability programme launched on 6 June 2022. It offers individualised support to unemployed adults 18+; there is no upper age limit. Support is available for participants who are affected by redundancy, or short term unemployed, or 16-24 year olds and NEET. It also supports ex-offenders serving their sentences in the community.
- The programme delivers vocational training, employer recruitment support, employer training support as well as support for childcare, personal development support and costs such as travel. The Welsh Government does not contract with any training providers and participants identify the most appropriate training provider.

**Jobs Growth Wales+ (JGW+): part of YPG**

- Jobs Growth Wales+ launched in April 2022 and is a fundamental part of the new Young Persons Guarantee. JGW+ provides a holistic, tailored package of support for young people who are, or who are at risk of becoming, NEET. In 2023-24 it is expected that £31m will be allocated to providers as detailed below to deliver the programme. The programme focuses on 16-18 year olds who are not yet job ready, helping them to reach that stage, as well as young people who need extra support to help them overcome barriers to employment and training, including mental health and wellbeing.
- JGW+ is contracted by tender; the contracts have been issued to the following Contractors under a Framework agreement within each Regional Lot:

<b>Region</b>	<b>Contractor</b>
North Wales	Grŵp Llandrillo Menai (GLLM) Consortium
	Coleg Cambria
	ACT Ltd
South West & Mid Wales	Pembrokeshire College
	ITEC Training Solutions
	ACT Ltd
South Central Wales	ACT Ltd
	ITEC Training Solutions
South East Wales	ACT Ltd
	ITEC Training Solutions

**Community Employability Programmes: part of YPG**

- In 2023-24 the Communities for Work Plus (CfW+) available budget is £23.034m, with a further provision of £8m in the Young Persons Guarantee which will be transferred in future budgets.

- To the end of October 2022, Communities for Work, PACE and Communities for Work + the three programmes have provided intensive community based mentoring and training to a combined total of over 81,000 individuals with complex barriers to employment, of which almost 36,000 have entered employment of more than 16 hours a week.
- A key feature to the success of the CfW+ programme, delivered through all 22 Local Authorities, has been its flexibility to respond to changes in the labour market. The programme supports those most disadvantaged in the labour market, including young people, older workers women, disabled individuals and those with long-term health conditions, Black, Asian or minority ethnic individuals, those with care responsibilities and those with low skills.
- The programme includes holistic support to tackle barriers to employment, community-based mentoring, sourcing and funding of training opportunities and local engagement which helps to link participants to gaps in the labour market.
- Since 2022-23, it has increased its focus on young people aged 16 to 24 year olds who are NEET and has received an additional £8m per annum from 2022-23 to 2024-25 to support delivery of the Young Person's Guarantee. It also now offers a mentoring service to eligible individuals supported through ReAct+.

### **Flexible Skills Programme (FSP)**

- FSP is a grant funded programme which has a budget of £1.5 million in 2023-2024. The Programme can support, via a 50% contribution, eligible internal and external training delivery costs and training materials aimed at all private and third sector employers in Wales, with £500k of the budget allocated to Airbus in 2023-24.
- The Programme consists of two distinct strands:
  - **FSP Business Development Programme** The FSP Business Development Programme is positioned to support significant employer-led business development projects, which are expected to result in business expansion and major investment leading to high quality job creation.
  - **FSP Partnership Projects** are designed to help drive Wales' wider skills economy, focusing on priority skills needs identified by Welsh employers and industry representative bodies. The PP strand currently consists of 5 separate projects: Advanced Digital; Advanced Engineering and Manufacturing; Creative; Export; Tourism and Hospitality.
- The Welsh Government does not contract with any training providers and it allows employers to identify the most appropriate training provider.

### **Wales Union Learning Fund (WULF)**

- [Wales Union Learning Fund \(WULF\)](#) is a grant funded programme which has a projected budget of £5.4m over the three years of the current programme (2022-25) which is based on the individual bids received from the delivery unions.

# Paper 05 - Economy, Trade and Rural Affairs Committee - 12 January 2023 – written evidence by the Minister for Rural Affairs

## Memorandum on the Rural Affairs Draft Budget Proposals for 2023-24

Economy, Trade and Rural Affairs Committee – 12 January 2022 09:30

### 1.0 Purpose

1.1 This paper provides information to the Economy, Trade and Rural Affairs Committee on the Rural Affairs (RA) (MEG) proposals outlined in Draft Budget 2023-24, published on 13 December. It also provides an update on specific areas of interest to the Committee. The summary of the budget structure can be found at Annex A of the evidence paper.

### 2. Summary of Budget Changes

1.2 The table below provides an overview of the plans summarised at a high level by business area for the Rural Affairs MEG published in the Draft Budget 2023-24.

The total resource budget is summarised in Table 1 below:

TABLE 1: Overview of the Resource Budget							
	2022-23 Final Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
<b>Revenue</b>							
Agriculture, Food & Fisheries	300,212	354,284	54,072	18%	376,284	22,000	6%
Protect and Improve Animal Health & Welfare	41,499	41,499	0	0%	41,499	0	0%
Rural Affairs Monitoring and EU Exit Strategy	3,434	3,434	0	0%	3,434	0	0%
<b>Sub Total</b>	<b>345,145</b>	<b>399,217</b>	<b>54,072</b>	<b>16%</b>	<b>421,217</b>	<b>22,000</b>	<b>6%</b>
<b>Non Cash</b>							
Agriculture, Food & Fisheries	10,817	10,817	0	0%	10,817	0	0%
<b>Sub Total</b>	<b>10,817</b>	<b>10,817</b>	<b>0</b>	<b>0%</b>	<b>10,817</b>	<b>0</b>	<b>0%</b>
<b>TOTAL</b>	<b>355,962</b>	<b>410,034</b>	<b>54,072</b>	<b>15%</b>	<b>432,034</b>	<b>22,000</b>	<b>5%</b>

The total capital budget is summarised in Table 2 below:

<b>TABLE 2: Overview of the Capital Budget</b>							
	<b>2022-23 New Plans Draft Budget £'000</b>	<b>2023-24 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>	<b>2024-25 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>
<b>General Capital</b>							
Agriculture, Food & Fisheries	37,200	37,200	0	0%	37,000	(200)	-1%
Rural Affairs Monitoring and EU Exit Strategy	0	0	0	0%	0	0	0%
<b>TOTAL</b>	<b>37,200</b>	<b>37,200</b>	<b>0</b>	<b>0%</b>	<b>37,000</b>	<b>(200)</b>	<b>-1%</b>

## Resource

The increase in the resource budget for the 2023-24 financial year is set out in Table 3 below:

<b>TABLE 3: Fiscal Resource Budget Movements</b>	
	<b>2023-24 £'000</b>
<b>Additional Allocations</b>	
Replacement Farm Funding	63,000
<b>Reductions</b>	
Rural Investment Schemes	(8,928)
<b>Total Fiscal Resource Movements</b>	<b>54,072</b>

- 1.3 In 2023-24 the Revenue budget increases by £54.1m against the 22-23 baseline. Of this, £63m is the Farm funding replacement from the UK which is direct EU replacement funding received for BPS and the RDP.
- 1.4 There is an £8.9m reduction when compared to the 22-23 Draft Budget attributed to the Rural Investment Schemes BEL. A Welsh Government wide reprioritisation exercise led by the Minister for Finance and Local Government took place to target allocations to protect frontline public services, Programme for Government and help those effected by the Cost of Living Crisis.

## Capital

The capital budget allocation of £37.2m for 2023-24 is set out in Table 4 as follows:

<b>TABLE 4: Capital Budget Allocations</b>	
	<b>2023-24 £'000</b>
<b>Allocations</b>	
<b>General Capital</b>	
Livestock Identification and Movement	1,000
Marine & Fisheries	200
Rural Payments Wales IT	6,000
WG Rural Communities - RDP	9,500
WG Rural Communities - RESP	20,500
<b>Total Capital Allocations</b>	<b>37,200</b>

1.5 A breakdown of the RA MEG by spending area, Action and BEL for 2023-24 and future years is provided at Annex A. A transparent narrative explanation has been provided to explain increases and reductions, where not covered in the evidence paper. This only covers the budgets that are been securitised as part of this committee.

## **2.0 Monitoring of budgets**

2.1 All budgets continue to be monitored and challenged on a monthly basis during 2022-23, to consider the latest forecasts and budget movements as necessary. I receive regular financial updates on the forecasts for the MEG to ensure that budgets remain on track to deliver my priorities. We maintain very close monitoring to ensure funding is being invested where best needed whilst supporting our priorities

## **3.0 Evidence base for budget decisions.**

3.1 We are committed to delivering a strategic approach to Fisheries, working with stakeholders. A clear focus will be on delivery of sustainable fisheries, managed in an adaptive way, for which we have budget allocated for in the financial year. I intend to work with stakeholders to establish the priorities for delivery.

3.2 A key enabler will be the underpinning of our strategic approach by a clear plan for investment in our seafood sector, and crucial to this investment will be the support we provide through a replacement to the EMFF scheme via The Marine, Fisheries and Aquaculture (Financial Assistance) Scheme (Wales) Regulations 2022 came into force on 1 December. This scheme will enable Welsh Ministers to support the sustainable growth of the marine economy whilst protecting and enhancing the marine environment.

3.3 The Environment & Rural Affairs Monitoring and Modelling Programme (ERAMMP) is supporting the development of the proposed Sustainable Farming Scheme (see para 5.1). In addition, the work estimating the economic effects of the proposed Scheme is being undertaken by a consortium of academics and consultants led by ADAS. This work represents

an independent assessment of the economic effects of our proposals. The work is estimating the economic effects of key actions that we anticipate will form an important part of the proposed Scheme. These actions include habitat management; woodland management and creation; and land and nutrient management.

- 3.4 The CAP replacement programme is strategically aligned to key Welsh Government priorities around responding to the climate emergency, reversing the loss of biodiversity and ensuring Welsh farming is sustainable for future generations.
- 3.5 It includes the design of evidence based policy, the development of the underpinning legislative framework and all aspects of stakeholder engagement and business change within the agricultural industry.

#### **4.0 Impact of Cost of living on budget allocations and programmes**

- 4.1 I recognise that impact the cost of living crisis is having in Wales and the Welsh Government has worked hard with our 2023/24 draft budget proposals to protect as much as possible the most vulnerable in society from its impacts.
- 4.2 This is particularly true of rural communities who often have higher commuting and energy costs to those living in urban communities. I remain committed to ensuring we continue to meet our targets to provide payments under the BPS and replacement schemes as swiftly as possible to provide surety of income to those who are entitled to it.

#### **5.0 Lasting implications of the pandemic**

The whole food chain continues to struggle to fill job vacancies, from seasonal labour requirements previously filled with migrant workers, in agriculture and food manufacturing to lots of permanent vacancies at all skill levels across food manufacturing and hospitality sectors. Food manufacturers have consolidated product ranges and shortened working weeks in response to the labour crisis. The UK has a significant problem where large numbers in the 50+ age group left the workforce during Covid and are unwilling to return.

#### **6.0 Impact on Deprivation and Poverty**

- 6.1 Over the next three years (including 22-23) I am making £257m available to support the resilience of the rural economy and our natural environment and have already announced £227m worth of rural investment schemes. This funding provides vital support for our primary production and food sectors which have, and continue to be, affected by the impacts of Covid, the UK's withdrawal from the European Union and now the cost of living crisis.

## **7.0 Withdrawal from the European Union**

7.1 The UK's exit from the European Union continues to impact on Wales, resulting in critical new areas of work for the Welsh Government. Some were expected such as preparing our borders, however, the impact of other changes have still to be determined. For example, the UK Government's proposed review of Retained EU Law which will require a significant effort across the portfolio. We need to continue to adapt to this evolving context and respond to a completely new way of working for Wales, in terms of our role in the UK and our engagement with the EU and other trading nations.

This requires the maintenance of effective inter-government communications. For example, the Minister for Climate Change and I are part of a formal Inter-Ministerial group with UK Government (Defra), SG and NIE, in which we now have to agree how we work together to further policy where powers have flowed back from the EU.

7.2 This work is supported by a series of common frameworks which are undergoing scrutiny by relevant committees once published. These set arrangements for how we come together across the UK in subject areas. Furthermore, the machinery of the EU TCA is still evolving and requiring us to think differently about how we respond, in the same way as we need to understand an evolving trading environment.

## **8.0 Programme for Government 2021-2026 / The Labour-Plaid Co-operation Agreement:**

8.1 An explanation of how the budget allocations within your portfolio align to Programme for Government and The Labour-Plaid Co-operation Agreement commitments and priorities.

8.2 The budget allocations for the Rural Affairs MEG ensures that it priorities my Programme for Government Commitments, not only in the Rural Affairs portfolio but across Government. For example, many of the Climate Change specific Programme for Government commitments are supported by Rural Investment from the RA MEG.

8.3 The Community Food Strategy has the potential to deliver many benefits which advance the Future Generations Well-being goals. While 'food' is the common factor, the societal benefits could be wide ranging, including economic benefits, regenerating local communities, improving well-being, mental and physical health and future environment and sustainability benefits.

On 11th July 2022, the Minister for Social Justice announced £3 million Welsh Government funding to support the development of cross-sector food partnerships and strengthen existing food partnerships that can help build resilience in local food networks. These networks will provide join up, drawing in support and expertise from other services such as Public Health Wales, Welsh housing associations and advice services, to understand and address local need. They will ensure the immediate and growing needs of households

experiencing food poverty are met while also focussing resources on prevention and sustainability to support resilience in the longer term.

8.4 How the Rural Affairs budget allocations address the Welsh Government's commitment to respond to the climate and nature emergencies across all policy areas.

8.5 The Land Management Reform Division is responsible for designing a new policy framework and programme to replace the Common Agricultural Policy (CAP) in Wales following the UK's exit from the European Union.

8.6 The programme is strategically aligned to key Welsh Government priorities around responding to the climate emergency, reversing the loss of biodiversity and ensuring Welsh farming is sustainable for future generations.

8.7 It includes the design of evidence based policy, the development of the underpinning legislative framework and all aspects of stakeholder engagement and business change within the agricultural industry.

8.8 Over the next three years (including 22-23) I am making £257m available to support the resilience of the rural economy and our natural environment and have already announced £227m worth of rural investment schemes. I will make further funding announcements in due course.

8.9 The significant funding announced is supporting our farmers, foresters, land managers and food businesses to promote the sustainable production of food and support the rural economy on the path to a net zero, nature positive Wales. Funding includes a focus on woodland and forestry, on farm environmental improvements, sustainable land management, productivity and diversification. We are also targeting landscape scale land management and food and farming supply chains.

**9.0 Preventative Spend**

9.1 These budget proposals reflect my continuing commitment to protect and prioritise investment that supports preventative measures as far as possible. Value for money and clarity over how we use our resources effectively is central to delivering our priorities. Once expenditure is planned in line with priorities, we have well-established processes in place to ensure that resources are used effectively for the purposes intended.

9.2 Funding allocated to the RDP and replacement funding is all preventative – targeting agri-environment improvements through Glastir; improved productivity and viability of businesses through BPS, the creation and restoration of woodland; and many other schemes being delivered. In contrast the Food Business Accelerator Scheme (previously FBIS and RBIS under RDP) offers capital grants to support sustainable growth in food manufacturing and productivity improvements, while SIS support offers a range of revenue based support and expertise to advance innovation and accreditation standards in the food manufacturing sector.

- 9.3 We have maintained the match funding element of RDP through to the end of the programme, ensuring we will spend all of the resources available to us. All of the replacement funding provided by the UK Government is being transferred to my budget, which will be used to support transition to SFS and for other Programme for Government priorities.
- 9.4 RDP and replacement capital funding programmes are designed in such a way to promote sustainable practices and drive reduction in carbon emissions (and therefore work to prevent the impact of climate change). For example, through the Sustainable Production Grant, delivered through the RDP, grants range from £12,000 to £50,000 as a maximum 40% contribution to project costs. The items supported will include, amongst other things, covered and uncovered slurry storage and management equipment. This will give more farmers the opportunity to take the lead in tackling agri- pollution to improve water, soil and air quality. Food Business Accelerator Scheme (FBAS) is designed to support sustainable growth in food manufacturing in particular businesses targeting environmental improvements (decarb, waste/water/energy efficiencies), fair work and pushing the boundaries on innovation.
- 9.5 The EU replacement funded schemes are informed by departmental strategies and policies, which have taken into account the WFGA ways of working, including preventative approaches.
- 9.6 In May I launched the Small Grant – Efficiency scheme, a capital scheme designed to help farmers in Wales to improve the technical, financial and environmental performance of their farm businesses. In August I opened a funding window for Small Grant – Environment, providing a maximum of £7,500 for capital works to deliver beneficial environmental outcomes around the themes of carbon, water and landscapes and pollinators. In November I opened an expression of interest for the Food Business Accelerator Scheme, providing capital investments in processing equipment and infrastructure, along with some associated costs and supports projects that offer clear and quantifiable benefits to the food and drink industry in Wales

## **10.0 Well-being of Future Generations Act**

- 10.1 My draft budget preparations shows how I have sought to reflect the framework of the Wellbeing of Future Generations Act in setting our spending priorities. We reviewed current trends and future projections and their potential impacts in the short, medium and longer term. We did this to ensure, as far as possible, that short term responses do not have longer term detrimental impacts.
- 10.2 Through the Sustainable Management Scheme (SMS) we are supporting collaborative landscape-scale projects delivering action that improves our natural resources in a way that delivers benefits to farm and rural businesses and rural communities. It will also support and facilitate co-ordination with other schemes to undertake the vital action needed to improve the resilience

of farm and rural businesses and rural communities to climate impacts. The SMS is designed to support the delivery of our commitment to sustainable development as set out in the Well-being of Future Generations Act. The need to tackle inter-generational challenges, such as climate change and declining biodiversity, means that interventions and actions need to be undertaken to enable Wales to grow, to improve resilience and to manage our natural resources sustainably and efficiently.

- 10.3 All replacement funding for rural development will need to align with the priorities for the sustainable management of natural resources. These priorities are framed around the ways that natural resources can support our well-being goals and address both the risks to the environment and the social and economic benefits they provide.

## **11.0 Impact Assessments**

- 11.1 After reviewing the key changes above, a number of key programmes were subject to Integrated Impact Assessments covering equality, Welsh language and Children's Rights. Integrated impact assessments are mainstreamed into policy setting as well as budgetary decisions.
- 11.2 The results from the impact assessments show that there are no disproportionate impacts on the identified groups due to these budgetary decisions. A further assessment will be made prior to Final Budget.

## **12.0 Equality, Welsh language and children's rights assessment**

- 12.1 The results from the impact assessments show that there are no disproportionate impacts on the identified groups due to these budgetary decisions.
- 12.2 Wales is the first country in the UK, and one of only a few countries in the world, to enshrine the United Nations Convention on the Rights of the Child (UNCRC) into domestic law with the Rights of Children and Young Persons (Wales) Measure 2011.
- 12.3 The duties within the Measure are implemented in two stages and place duties on Welsh Ministers to give balanced consideration to the rights in the UNCRC:
- 12.4 and its optional protocols when formulating or reviewing policy and legislation; and when they use all their legal powers or duties.
- 12.5 Across my portfolio, each member of staff is required to consider how their work affects children's rights, and this process has informed the Integrated Impact Assessment. No significant impacts on children's rights have been identified in the setting of this budget.

### 13.0 Strategic Context – specific areas of interest.

- 13.1 The development and implementation of agricultural policy including the proposed Sustainable Farming Scheme for Wales.
- 13.2 The UK Government has adopted the same methodology to replacement EU funding in this Spending Review as they have done in 2021/22 and 2022/23, which nets off outstanding EU spending. This has already led to Wales receiving £222m less than expected (£85m less in 2022/23 and £137m less in 2021/22). The continuation of this approach in 2023/24 will see Wales lose an additional £21m. Along with her counterparts in the Scottish Government and the Northern Ireland Executive, the Minister for Finance and Local Government has written to the Chief Secretary of the Treasury outlining our objections to this approach.
- 13.3 The budget allocation of £650,000 will be sufficient to in 23/24 to fund the ongoing policy development of the Sustainable Farming Scheme.
- 13.4 This budget has been allocated to funding ongoing evidence packages to support policy development and fund potential prepare and pilot projects as we move closer to 2025 and the launch of the Sustainable Farming Scheme. This budget allocation will also fund the final consultation on the proposed Sustainable Farming Scheme.
- 13.5 The development of fisheries policy, including the delivery of a Joint Fisheries Statement and Fisheries Management Plans.
- 13.6 Development of Fisheries Policy and Fisheries Management Plans in line with the timelines set out in the UK Joint Fisheries Statement linked to the UK Fisheries Act 2020.

#### Bovine TB eradication.

- 13.7 The TB Eradication Programme sets out the Welsh Government's long term vision for the eradication of bovine TB in Wales. The programme is based on the four key principles of infectious disease control: Keep it Out, Find it Fast, Stop it Spreading and Stamp it Out. We have seen good progress since our programme was first established, with long term decreases in incidence and prevalence. Between 2009 and 2020, there was a 48% decrease in new incidents and it is worth reminding ourselves that 94.8% of herds in Wales were TB free at end of June 2022.
- 13.8 As part of its *Programme for Government 2021 - 26* commitments the Welsh Government continues to prohibit the culling of badgers as part of the TB Eradication Programme. Funds continue to be made available to support private vaccination schemes across Wales, whilst assessing the most

appropriate, cost-effective deployment of the Badger BCG vaccine as a protective measure.

- 13.9 A regionalised approach to TB eradication was launched in 2017 creating Low, Intermediate and High TB Areas and policies have continued to be refined, reacting dynamically to the changing disease picture, whilst responding to the particular challenges resulting from the Covid-19 pandemic
- 13.10 Following a consultation, which closed earlier this year, the Minister will announce a refresh of the TB Eradication Programme in 2023.

### Avian Flu

- 13.11 The current outbreak of Avian Influenza started in October 2021 with cases increasing exponentially in October 2022, placing significant resourcing and funding pressures on APHA and increasing the unfunded pressure against this budget. At the time of writing, the epidemic is continuing and risk of infection to poultry farms are rated as “medium” if biosecurity is excellent and “high” if biosecurity is sub-optimal. Risk of infection of wild birds, the source of virus is “very high”.
- 13.12 Accurate forecasting is impossible as the number of infected premises and birds cannot be predicted. However, it would be prudent to assume significant budgetary pressure from necessary avian influenza controls in the next financial year.
- 13.13 (Avian influenza control is necessary to protect the poultry industry and also prevent virus mutation and recombination to a form that would cause pandemic influenza in people.)

### TB Testing

- 13.14 In Wales a skin test (*SICCT*) to the neck of cattle is used to identify infected animals. This compares the reactions to the injection of both bovine and avian tuberculin. In general animals that react to the bovine more than the avian tuberculin are considered as skin test reactors.
- 13.15 This is a long established test, and is used worldwide as the main surveillance test for TB control programmes. The test is likely to identify only one ‘false positive’ animal in every 5000 non-infected cattle tested. But, at best it may only identify 80% of infected animals. There is currently no test, or combination of tests, that will:
- identify all cattle infected with TB; and
  - identify all non-infected cattle as negative animals.
- 13.16 An Interferon-gamma blood test is also used in some herds (as a supplementary test) to help identify other infected animals.

In Wales we test:

- each herd every year
- any animal before it moves off farm, except for low risk cattle in the Low TB Area
- any animal moving from a herd outside the Low TB area to a herd in the Low TB Area

13.17 We inspect animals at the abattoir to identify any infected with TB, not identified in the testing surveillance programme (they become “slaughterhouse cases” and result in follow up testing in the source herd).

#### TB compensation

13.18 Welsh Government has a statutory commitment to pay TB compensation.

13.19 This is a demand lead area of expenditure that is directly linked to the amount of animals slaughtered because of TB. Variables such as the amount of animals slaughtered, market value of each animal and the amount of salvage value applicable to each animal has an effect on the level of expenditure and salvage receipts received.

13.20 Animal owners are paid by the Welsh Government for cattle slaughtered because of TB as set out in The Tuberculosis (Wales) Order 2010 (as amended) (The TB Order). This Payment is currently calculated based on the market value of each individual animal. A number of alternative payment options were outlined in the consultation.

#### Development and implementation of post-Brexit food and drink strategy, including the Community Food Strategy.

13.21 Welsh Government’s strategic vision for the food and drink manufacturing and processing industry was published on 29 November 2021 and is to create a strong and vibrant industry with a global reputation for excellence, having one of the most environmentally and socially responsible supply chains in the world. It is focussed on goals to:

- generate business growth and raise productivity;
- grow sales in domestic and overseas markets;
- to spread Fair Work for employees;
- to reach higher levels of environmental sustainability; and
- to raise and promote the industry’s reputation and professional standards.

13.22 The approach builds on the work achieved over the last decade, recognises the disruption of EU-Exit and Covid-19, and is predicated on a partnership with businesses and stakeholders in which Welsh Government support will increasingly be conditional on shared values and actions. The value of food and drink exports from Wales increased in 2020 including to our biggest market, to the EU. However, volume of exports to the EU declined and small businesses and some sectors (seafood) continue to find trade difficult.

13.23 The industry operates within a context of socio-economic issues such as the heightened concern to address the environmental and health impacts of food production and diet, a changed UK trading environment, the urgent need to decarbonise and minimise waste and environmental impact. With businesses located across Wales, the food and drink industry is part of a foundational economy and integral to supply chains which connect, in some important sectors, to Welsh farming and fishing, and to retail, wholesale and the service sector where the industry's product branding (GIs, sustainability credentials) offer is increasingly valued by consumers and is a USP for tourism.

13.24 Welsh Government intervention will focus on ten main areas:

- basing decisions about policy and support on evidence, using research, evaluation and market insight to inform and guide, and assisting businesses and stakeholders to develop knowledge capability to help themselves.
- growing stronger businesses which can sustainably grow and have market leading productivity.
- building networks, driving collaboration through networks, clusters, integrated with technical support, to spread best practice and find opportunities to add value.
- tackling systemic weaknesses such as supporting small businesses to become medium, and medium to become large, improving the infrastructure of business premises, aggregators and wholesalers and connecting these to create strong, local networks and supply chains.
- Supporting innovation and providing strong technical back-up, building on the success of Food Innovation Wales/Project Helix.
- finding and exploiting opportunities in the UK market, furthering our Retail Plan, making inroads into the foodservice and wholesale sectors, and seizing the opportunities of growing Direct to Consumer sales channels.
- increasing our exports and using our products and businesses to showcase Wales, with Blas Cymru our flagship event to champion the industry to a UK and international audience.
- building a strong brand, focussing on products and businesses which represent the best of Wales, expanding our Protected Food Names family.
- attracting inward investment into businesses and our food infrastructure.
- ensuring our support is leveraged for driving the Welsh Government's core priorities such as sustainability, prosperous communities, decarbonisation, and fair work.

13.25 Complementing our industry strategy, we have commenced work on a Community Food Strategy which we envisage will guide and empower grass roots activity and interest in food. Through capacity building we aim to localise food supply chains where that is practicable.

Sufficient staffing resource for the development of policies and legislation associated with Brexit.

- 13.26 The UK's exit from the European Union continues to impact on Wales, resulting in critical new areas of work for the Welsh Government. Some were expected such as preparing our borders, however, the impact of other changes have still to be determined. For example, the UK Government's proposed review of Retained EU Law which will require a significant effort across the portfolio. We need to continue to adapt to this evolving context and respond to a completely new way of working for Wales, in terms of our role in the UK and our engagement with the EU and other trading nations. This requires the maintenance of effective inter-government communications. For example, the Minister for Climate Change and I are part of a formal Inter-Ministerial group with UK Government (Defra), SG and NIE, in which we now have to agree how we work together to further policy where powers have flowed back from the EU.
- 13.27 This work is supported by a series of common frameworks which are undergoing scrutiny by relevant committees once published. These set arrangements for how we come together across the UK in subject areas. Furthermore, the machinery of the EU TCA is still evolving and requiring us to think differently about how we respond, in the same way as we need to understand an evolving trading environment.
- 13.28 An update on discussions with the UK Government about future funding for agriculture support given past disagreement.
- 13.29 Along with her counterparts in the Scottish Government and the Northern Ireland Executive, the Minister for Finance and Local Government has written to the Chief Secretary of the Treasury outlining our objections to this approach.

**14.0 Legislation**

- 14.1 Continued agricultural payments ahead of transition to the new scheme –the Basic Payment Scheme, Rural Development Programme schemes and interim replacement schemes;
- 14.2 On 15 December, I announced the continuation of direct payments to farmers in Wales, at the same level as received over the last 3 years, confirming a budget of £238m for BPS 2023 and an indicative budget of £238m for BPS 2024.
- 14.3 Funding for the RDP 2014-2020 will continue to be drawn from the European Union, under the terms of the Withdrawal Agreement. The programme closes in December 2023. As at 7 December 22, total programme spend has exceeded £676.98m, representing 80.4% of total programme value, of which £468.30m is EU funds.

- 14.4 Over the next three years (including 22-23) I am making £257m available to support the resilience of the rural economy and our natural environment and have already announced £227m worth of rural investment schemes. I will make further funding announcements in due course.
- 14.5 The significant funding announced is supporting our farmers, foresters, land managers and food businesses to promote the sustainable production of food and support the rural economy on the path to a net zero, nature positive Wales. Funding includes a focus on woodland and forestry, on farm environmental improvements, sustainable land management, productivity and diversification. We are also targeting landscape scale land management and food and farming supply chains. This allocation of funding responds to the ending of the EU Rural Development Programme (RDP), which will close in 2023. It will ensure continuity of support for important actions previously funded under the RDP. The framework also complements the development of the Sustainable Farming Scheme, which will reward farmers and land managers for the work they do to meet the challenges of the climate and nature emergencies alongside the sustainable production of food, with benefits for food security in Wales and globally.
- 15.0 The process of transition to the new agricultural scheme such as piloting, administrative arrangements and research and development;
- 15.1 A number of schemes under the Rural Investment Schemes (2022-2025) have been specifically developed to offer support and prepare farmers for the new scheme which will be implemented in 2025. A specific example is the Woodland Creation scheme, with further schemes being considered to support collaboration at landscape scale.
- 15.2 New functionality and mechanisms to monitor and evaluate our new agricultural scheme are also being considered, including carbon audit, habitat reviews using earth observation.
- 15.3 An RPW change programme has been established to review and build upon the administrative arrangements that were used for the delivery of previous CAP programmes. This work will be taken forward once again with farming stakeholders to ensure a fit for purpose and easy to follow online system is made available for farmers to access the new agricultural scheme.
- 15.4 RPW are researching and developing a new joined up customer experience model for accessing the scheme and wider Welsh Government services and support as well as new in-field technologies, supported by Earth Observation and Satellite Imagery, to enhance the data capture and verification requirements of the new scheme.
- 15.5 Bovine TB Eradication Programme (including Delivery Plan, testing and compensation)
- 15.6 The TB Eradication Programme sets out the Welsh Government's long term vision for the eradication of bovine TB in Wales. The programme is based on

the four key principles of infectious disease control: Keep it Out, Find it Fast, Stop it Spreading and Stamp it Out. We have seen good progress since our programme was first established, with long term decreases in incidence and prevalence. Between 2009 and 2020, there was a 48% decrease in new incidents and it is worth reminding ourselves that 94.8% of herds in Wales were TB free at end of June 2022. As part of its *Programme for Government 2021 - 26* commitments the Welsh Government continues to prohibit the culling of badgers as part of the TB Eradication Programme. Funds continue to be made available to support private vaccination schemes across Wales, whilst assessing the most appropriate, cost-effective deployment of the Badger BCG vaccine as a protective measure.

- 15.7 A regionalised approach to TB eradication was launched in 2017 creating Low, Intermediate and High TB Areas and policies have continued to be refined, reacting dynamically to the changing disease picture, whilst responding to the particular challenges resulting from the Covid-19 pandemic
- 15.8 Following a consultation, which closed earlier this year, the Minister will announce a refresh of the TB Eradication Programme in 2023.
- 15.9 The ongoing implementation of the Water Resources (Control of Agricultural Pollution) Regulation 2021, including details of the Service Level Agreement between the Welsh Government and Natural Resources Wales on enforcing the regulations;
- 15.10 Following the completion of its baseline review, NRW continues to work with Welsh Government officials to co-design service level agreements (SLAs) for each policy/delivery area. The development of the SLAs are expected to be completed in the beginning of 2023, and will include the administration of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021.
- 15.11 Continued financial assistance for the marine, fisheries and aquaculture sectors following the end of the European Maritime and Fisheries Fund (EMFF);
- 15.12 The 2014-2020 European Maritime and Fisheries Fund (EMFF) has now closed with the completion of ongoing projects required by the end of 2023.
- 15.13 The Marine, Fisheries and Aquaculture (Financial Assistance) Scheme (Wales) Regulations 2022 came into force on 1 December. This scheme will enable Welsh Ministers to support the sustainable growth of the marine economy whilst protecting and enhancing the marine environment.
- 15.14 The Welsh Marine and Fisheries Scheme will be available for applications via targeted funding rounds alongside further investment through the Capacity Building in Welsh Coastal Communities initiative. These interventions will benefit the Welsh marine, fisheries and aquaculture sectors.

16.0 Key policies included in the new Animal Welfare Plan for Wales 2021-26;

16.1 The implementation of the plan is supported and monitored by the Wales Animal Health and Welfare Framework Group. The eight publically appointed members bring a wealth of experience and knowledge and are drawn from a broad range of sectors and areas of expertise.

16.2 The current 2022-2024 implementation plan, along with the Animal Welfare Plan for Wales 2021-2026 , addresses several key PfG commitments in addition to ongoing Wales-based policy work and UK/GB policy collaborations:

- Develop a national model for regulation of animal welfare, introducing registration for animal welfare establishments, commercial breeders for pets or for shooting, and animal exhibits;
- Improve the qualifications for animal welfare inspectors to raise their professional status;
- Require CCTV in all slaughterhouses; and
- Restrict use of cages for farmed animals.

16.3 Livestock identification and movement policy

16.4 Following the consultation on Changes to Livestock Identification, Registration and Movement Reporting held in 2021, we are planning to implement mandatory legislative changes from 2024 to include Bovine EID tags, whole movement reporting, 24-hour reporting by CPRC's and removal of paper registrations for cattle.

16.5 EIDCymru is being developed into the Welsh multispecies traceability system and service and we anticipate cattle registration and movement reporting to be launched on EIDCymru in Autumn/Winter 2023. From launch we will also enable voluntary changes to include recording of journey information, pre-movement reporting, online holding registers and circular show moves.

16.6 Discussions on tag specifications for Bovine EID are ongoing and we will be running a pilot on Bovine EID to gather and compare data from LF and UHF tags and readers. This will help us understand the full extent of the impacts each tag type and technology will have on keepers, markets, collection centres and abattoirs in Wales.

16.7 When I have agreed the final tag specifications for Bovine EID, I will update the Senedd and share the provisional implementation date for Bovine EID.

## Paper 05 - Annex A – Structure of the MEG (according to SPA and BEL)

### Annex A

#### Budget Structure (by SPA and BEL)

##### 1.0 Agriculture, Food & Fisheries – FUNDING OF ACTIONS

Agriculture, Food & Fisheries	2022-23 Final Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Revenue	300,212	354,284	54,072	18%	376,284	22,000	6%
Non Cash	10,817	10,817	0	0%	10,817	0	0%
Capital	37,200	37,200	0	0%	37,000	(200)	-1%
<b>TOTAL</b>	<b>348,229</b>	<b>402,301</b>	<b>54,072</b>	<b>16%</b>	<b>424,101</b>	<b>21,800</b>	<b>5%</b>

The detailed breakdown of Actions by BEL activity is explained in the following sections.

#### Develop and deliver overarching policy and programmes on Agriculture, Food and Marine

<b>Develop and deliver overarching policy and programmes on Agriculture, Food and Marine BEL's REVENUE</b>	<b>2022-23 New Plans Draft Budget £'000</b>	<b>2023-24 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>	<b>2024-25 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>
Agriculture Strategy (2829)	650	650	0	0%	650	0	0%
Local Authority Framework Funding (2831)	200	200	0	0%	200	0	0%
Agriculture Customer Engagement (2860)	400	400	0	0%	400	0	0%
County Parish Holdings Project (2861)	500	500	0	0%	500	0	0%
EID Cymru (2862)	2,639	2,639	0	0%	2,639	0	0%
Livestock Identification (2863)	1,647	1,647	0	0%	1,647	0	0%
Technical Advice Services (2864)	358	358	0	0%	358	0	0%
Commons Act (2866)	433	433	0	0%	433	0	0%
<b>Total Revenue</b>	<b>6,827</b>	<b>6,827</b>	<b>0</b>	<b>0%</b>	<b>6,827</b>	<b>0</b>	<b>0%</b>

<b>Develop and deliver overarching policy and programmes on Agriculture, Food and Marine BEL's CAPITAL</b>	<b>2022-23 New Plans Draft Budget £'000</b>	<b>2023-24 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>	<b>2024-25 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>
EID Cymru (2862)	0	0	0	0%	0	0	0%
Livestock Identification (2863)	1,000	1,000	0	0%	1,000	0	0%
Commons Act (2866)	0	0	0	0%	0	0	0%
<b>Total CAPITAL</b>	<b>1,000</b>	<b>1,000</b>	<b>0</b>	<b>0%</b>	<b>1,000</b>	<b>0</b>	<b>0%</b>

The Technical Advice Services BEL (2864) supports the delivery of a range of statutory duties, policy development and support services in relation to agriculture and the environment including, but not limited to, TB valuations, Environmental Impact Assessment (EIA) Agriculture Regulations, Agricultural Land Classification, plant health, Agricultural Land Tribunals, Agricultural Wages, the Agricultural Advisory Panel for Wales and the Control of Agricultural Pollution Regulations.

BEL 2831 Funding is allocated to Welsh Local Authorities via the Heads of Trading Standards to deliver targeted and additional animal health and welfare enforcement activities via a local authority agreed Partnership Development Plan. The Plan delivers outcomes over and above the local authorities' statutory responsibilities as well as outcomes to improve animal health and welfare standards and the prevention of, and a more efficient response to, any animal disease outbreak. This contributes to the mitigation of the significant expense and resource pressures for government and industry of such an outbreak.

BEL 2860 This budget is the key mechanism for communicating and engaging with farming customers and the wider industry on Welsh Government administered schemes, policies and initiatives including the production of hard-copy updates to all BPS claimants and supporting farmers to become compliant with the Control of Agri Pollution Regulations.

The budget also supports activities associated with the mental health and wellbeing of farmers including the Wales Farm Support Group and the continued promotion of FarmWell Wales.

The budget covers direct funding to the Royal Welsh Agricultural Society as well as other show Societies across Wales. Funding towards the implementation of recommendations from an independent review of the resilience of agricultural shows in response to Covid 19 will be supported from this budget.

BEL 2861 - The allocation funds the CPH Project, which is rationalising and cleansing the CPH landscape in Wales. The allocated budget (£200,000) will ensure RPW continue to administer and develop the current IT platform with the other £300,000 being needed to support case work and other costs associated with the changing of CPH numbers for example amending APHA records

BEL 2862 EIDCymru is the sheep movement database for Welsh farmers, which meets the standards as set out in European Council Regulation 21/2004 where there is a requirement for member states to establish the basis for a European system to identify and record movements of sheep, goats and deer. Non-compliance with these regulations could lead to infraction and impact on future post EU exit trade agreements. EIDCymru provides increased traceability, helping to mitigate against the significant expense to both government and industry of an animal sheep disease outbreak.

## CAP administration and making Payments in accordance with EU and WAG rules

CAP administration and making Payments in accordance with EU and WAG rules BEL's REVENUE	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Agriculture EU Pillar 1 Direct Payments (2787)	238,000	238,000	0	0%	238,000	0	0%
Single Payment Scheme Administration (2790)	9,194	9,194	0	0%	9,194	0	0%
<b>Total Revenue</b>	<b>247,194</b>	<b>247,194</b>	<b>0</b>	<b>0%</b>	<b>247,194</b>	<b>0</b>	<b>0%</b>

CAP Administration and making payments according to EU and WG rules BEL's CAPITAL	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Common Agriculture Policy IT (2789)	6,000	6,000	0	0%	6,000	0	0%
<b>Total CAPITAL</b>	<b>6,000</b>	<b>6,000</b>	<b>0</b>	<b>0%</b>	<b>6,000</b>	<b>0</b>	<b>0%</b>

BEL 2787 Direct Payments are 100% Domestic funded Common Agricultural Programme payments. Payments are made directly to farmers who use the money to meet their business and other expenses. Payments for 2021 will be made in October (advance) and December (balances) Direct Payments for Farmers (Legislative Continuity) Act 2020 (c.2),

BEL 2790 RPW ICT systems comprises three main components:

- **CAPIT:** A rules bases application validation and payment system.
- **Scheme Editor:** A Geographical Information System (GIS) based Land Parcel Identification System (LPIS) used to map all land farmed and claimed in Wales either for BPS or Glastir
- **RPW Online:** An online portal for farmers (claimants) to apply and claim for various CAP and RDP schemes. This system supports a 100% digital service within RPW.

## Rural Economic and Sustainability Programme

Rural Economic and Sustainability Programme BEL's REVENUE	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Economic and Sustainability Programme (2833)	6,880	70,272	63,392	921%	109,454	39,182	56%
<b>Total Revenue</b>	<b>6,880</b>	<b>70,272</b>	<b>63,392</b>	<b>921%</b>	<b>109,454</b>	<b>39,182</b>	<b>56%</b>

Rural Economic and Sustainability Programme BEL's CAPITAL	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Economic and Sustainability Programme (2833)	20,500	20,500	0	0%	30,000	9,500	46%
<b>Total CAPITAL</b>	<b>20,500</b>	<b>20,500</b>	<b>0</b>	<b>0%</b>	<b>30,000</b>	<b>9,500</b>	<b>46%</b>

The purpose of this BEL is to support the development of a domestic rural development programme from 2024, and develop and implement transitional schemes for farmers and land managers from 2021 to 2024 through EU Replacement Funding. The funding will provide programme support to develop the longer term programme. The outcomes and performance measures for schemes being developed through EU replacement funding will be developed at programme and scheme level.

### Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20

Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20 BEL's REVENUE	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Development Plan 2014-20 (2949)	26,502	17,182	(9,320)	-35%	0	(17,182)	-100%
<b>Total Revenue</b>	<b>26,502</b>	<b>17,182</b>	<b>(9,320)</b>	<b>-35%</b>	<b>0</b>	<b>(17,182)</b>	<b>-100%</b>

Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20 BEL's CAPITAL	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Development Plan 2014-20 (2949)	9,500	9,500	0	0%	0	(9,500)	-100%
<b>Total CAPITAL</b>	<b>9,500</b>	<b>9,500</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>(9,500)</b>	<b>-100%</b>

BEL 2949 - The Welsh Government Rural Communities – Rural Development Programme 2014-2020 is a 7 year investment programme supporting a wide range of activities.

### Evidence based development for Rural Affairs

Evidence based development for Rural Affairs BEL's REVENUE	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Research & Evaluation (2240)	520	520	0	0%	520	0	0%
<b>Total Revenue</b>	<b>520</b>	<b>520</b>	<b>0</b>	<b>0%</b>	<b>520</b>	<b>0</b>	<b>0%</b>

This BEL funds important research and evaluation activity in relation to Welsh agriculture. This comprises two strands:

- 1) The Farm Business Survey (FBS) is an annual survey of farm businesses in Wales. It is conducted with the primary purpose of collecting detailed physical and financial data about the economic position of farm businesses throughout Wales. The survey is the primary source of information on the economics of farm businesses. The survey provides evidence on the levels of income in different agricultural sectors in Wales, financial performance, and farms' financial situation (assets, liabilities, net worth). For example, the Farm Business Survey is the source of the commonly quoted figure: on average, 80% of Welsh farmers' income derives from the Basic Farm Payment.
- 2) The FAPRI-UK economic modelling research project involves the development and maintenance of an economic modelling system which captures the dynamic inter-relationships among the variables affecting supply and demand in the main agricultural sectors of Wales, England, Scotland and Northern Ireland. The FAPRI-UK research project will provide a key source of evidence on domestic agriculture policy.

### **Fisheries and aquaculture including the enforcement of Welsh Fisheries**

<b>Fisheries and aquaculture including the enforcement of Welsh Fisheries BEL's REVENUE</b>	<b>2022-23 New Plans Draft Budget £'000</b>	<b>2023-24 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>	<b>2024-25 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>
Fisheries Schemes (2830)	2,215	2,215	0	0%	2,215	0	0%
Fisheries (2870)	3,024	3,024	0	0%	3,024	0	0%
<b>Total Revenue</b>	<b>5,239</b>	<b>5,239</b>	<b>0</b>	<b>0%</b>	<b>5,239</b>	<b>0</b>	<b>0%</b>

<b>Fisheries and aquaculture including the enforcement of Welsh Fisheries BEL's CAPITAL</b>	<b>2022-23 New Plans Draft Budget £'000</b>	<b>2023-24 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>	<b>2024-25 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>
Fisheries Schemes (2830)	200	200	0	0%	0	(200)	-100%
<b>Total CAPITAL</b>	<b>200</b>	<b>200</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>(200)</b>	<b>-100%</b>

BEL 2830 - This BEL supports the co-financing of the European Maritime and Fisheries Fund (EMFF) which offers financing to industry and directly to Welsh Government to implement the revised Common Fisheries Policy through the development of sustainable fisheries and aquaculture. The scheme combines data collection, integrated maritime policy and control / enforcement funding elements directly to Welsh Government. The EMFF is a UK fund with a core allocation of €145m. The intra UK split was agreed, following negotiations between the UK Administrations at both Ministerial and senior official level.

#### **BEL 2870 covers funding for the following;**

- **Marine Biodiversity** working with the eNGOs to develop a short term recovery plan which leads to a longer term programme of restoration

- **Marine Planning (inc Renewables)** To support implementation of the Welsh National Marine Plan and compliance with statutory duties under the Marine and Coastal Access Act 2009, specialist technical support is provided by the Centre for Environment, Fisheries and Aquaculture Science (CEFAS) to the marine planning project. The £168,000 budget is an existing, signed contractual obligation for CEFAS staff to provide this support.
- **Fisheries Science and Evidence**
- **Fisheries Digital Systems** – Digital fisheries management systems include a range of IT systems for catch recording, vessel monitoring, recording fisheries and marine licence inspections, fish sales records and health and safety systems for enforcement officers.
- **Domestic Fisheries Policy** The Domestic Fisheries Policy and Management Branch will continue to meet statutory obligations to manage permitted fisheries and deliver longstanding commitments to introduce secondary legislation for fisheries. This work will ensure our fisheries are sustainable by protecting the environment whilst, at the same time, maximising the economic and social benefits of fisheries to Wales.
- **Marine & Fisheries Trade -**  
core funding for Welsh Fisherman’s Association (WFA)
  - **Control & Enforcement** -The Control and Enforcement budget covers all operational costs around Control and Enforcement staff, Fisheries Patrol Enforcement Team and Fisheries Patrol Vessels including maintenance, fuel and insurance.
  - **Stakeholder Engagement** - Marine and Fisheries has two overarching stakeholder groups. Wales Marine and Fisheries Advisory Group (WMFAG) has a publicly appointed chair and represents the Fisheries sector. The Wales Marine Action and Advisory Group (WMAAG) has a contractual facilitator and represents the marine sector. Costs are contractual obligations with remaining funds for venue hire, catering and associated subsistence costs.

### Developing and Marketing Welsh Food and Drink

Developing and Marketing Welsh Food and Drink BEL's REVENUE	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Promoting Welsh Food and Industry Development (2970)	7,050	7,050	0	0%	7,050	0	0%
<b>Total Revenue</b>	<b>7,050</b>	<b>7,050</b>	<b>0</b>	<b>0%</b>	<b>7,050</b>	<b>0</b>	<b>0%</b>

BEL 2970 funds programmes across the food spectrum, leveraging financial resources from wider Welsh Government including RDP, EFF, ERF and a number of smaller initiatives as well as external funding sources such as Growth Deals;

- support business survival and resilience post Covid-19 and EU exit by leveraging funds to support food sector growth, working with retailers to encourage increased Welsh food and drink product listings, helping to secure an increased online presence of Welsh producers and promotion activities to increase the Welsh food manufacturing's share of supply into the food service sector, tourism and the public sector; and
- promote the Welsh food industry through international events and networks designed to increase inward investment.

### **Protect and Improve Animal Health & Welfare – FUNDING OF ACTIONS**

<b>Protect and Improve Animal Health &amp; Welfare</b>	<b>2022-23 New Plans Draft Budget £'000</b>	<b>2023-24 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>	<b>2024-25 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>
Revenue	41,499	41,499	0	0%	41,499	0	0%
<b>TOTAL</b>	<b>41,499</b>	<b>41,499</b>	<b>0</b>	<b>0%</b>	<b>41,499</b>	<b>0</b>	<b>0%</b>

The detailed breakdown of Actions by BEL activity is explained in the following sections.

### **Support and Delivery of the Animal Health and Welfare programme / strategy**

<b>Support and Delivery of the Animal Health and Welfare programme / strategy BEL's REVENUE</b>	<b>2022-23 New Plans Draft Budget £'000</b>	<b>2023-24 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>	<b>2024-25 New Plans Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>
Animal Health & Welfare Framework (2270)	1,108	1,108	0	0%	1,108	0	0%
<b>Total Revenue</b>	<b>1,108</b>	<b>1,108</b>	<b>0</b>	<b>0%</b>	<b>1,108</b>	<b>0</b>	<b>0%</b>

This budget covers a range of Government expenditure on animal health, welfare, disease prevention and control as well as surveillance and proactive management/contingency planning for exotic diseases. It includes on-going support to the Wales Animal Health and Welfare Framework Group and the Antimicrobial Resistance (AMR) in Animals and the Environment Delivery Group. This enables us to work in partnership with industry to raise standards of animal health and welfare, promote the responsible use of antibiotics and take effective action to manage animal disease outbreaks.

## Management and delivery of TB Eradication and other Endemic Diseases

Management and delivery of TB Eradication and other Endemic Diseases BEL's REVENUE	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Animal and Plant Health Agency (2271)	18,281	18,281	0	0%	18,281	0	0%
TB Slaughter Payments Costs & Receipts (2272)	13,810	13,810	0	0%	13,810	0	0%
TB Eradication (2273)	8,300	8,300	0	0%	8,300	0	0%
<b>Total Revenue</b>	<b>40,391</b>	<b>40,391</b>	<b>0</b>	<b>0%</b>	<b>40,391</b>	<b>0</b>	<b>0%</b>

The majority of funding supports the delivery of the Animal and Plant Health Agency (APHA) services in Wales. The funding helps safeguard animal health and welfare as well as public health, enhances food security through research, surveillance and inspection.

The majority of funding is to meet costs of delivery services provided by APHA including contribution to GB wide APHA surveillance activity. Funding is also provided for the statutory work undertaken by Food Standards Agency and funding to cover statutory TSE compensation payments should need arise.

The large proportion of APHA activity implements statutory requirements and Welsh Government policy relating to the TB Eradication Programme (in addition to BEL 2273) as well as applying controls to ensure the protection of human health and the human food chain.

The budget is in place to mitigate:

- The failure to take effective action in the event of an exotic animal disease outbreak has wider repercussions given that the Welsh Government has contingent (financial) liability for unbudgeted costs in those circumstances e.g. cost to Government in Wales was estimated at around £100m in the 2001 Foot and Mouth Disease Outbreak when it was a non-devolved issue. In today's terms that cost could be significantly more without estimating damage to industry and tourism in Wales where there would be a severe detrimental impact to household incomes.
- The failure to demonstrate effective control on animal disease could undermine future negotiations on a single market where requirements for having in place animal disease controls at least equivalent to other Members States may be a position heavily emphasised as part of any trade agreement with the European Community.

Reductions in levels of animal disease control will impact on current and future UK trade negotiations as the UK will be expected to be able to demonstrate levels of control at least equivalent to European Member States.

BEL 2272 is a 'demand led' budget and as previously mentioned the Welsh

Government has a statutory duty to pay TB compensation. The amount of animals

removed and therefore the pressure on this budget is inextricably linked to the progress of TB Eradication and the TB Eradication Programme budget (BEL 2273). Any interruption to eradication policies may result in disease spread, which in turn is likely to result in increased TB Compensation spend. If overspends occur there would be a consequence on wider OCVO and ESNR budgets, as these may also be called on to offset any overspend as seen in previous years.

BEL 2273 This budget covers a statutory commitment to the UK TB Eradication Plan. This BEL supplements the activity undertaken by our delivery partner The Animal and Plant Health Agency (APHA) to deliver TB policies, including annual testing, and initiatives and projects such as Cymorth TB and epidemiological work to help underpin the evidence and approach to the TB Eradication Programme. This work is partly funded by this BEL and also by BEL 2271 (Animal Health and Welfare Delivery and Payments).

### **Rural Affairs Monitoring and EU Exit Strategy - FUNDING OF ACTIONS**

Rural Affairs Monitoring and EU Exit Strategy	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Revenue	3,434	3,434	0	0%	3,434	0	0%
<b>TOTAL</b>	<b>3,434</b>	<b>3,434</b>	<b>0</b>	<b>0%</b>	<b>3,434</b>	<b>0</b>	<b>0%</b>

The detailed breakdown of Actions by BEL activity is explained in the following sections.

### **Rural Affairs Monitoring, EU Exit Strategy**

Rural Affairs Monitoring and EU Exit Strategy BEL's REVENUE	2022-23 New Plans Draft Budget £'000	2023-24 New Plans Draft Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Strategy & Government Relations (2816)	3,434	3,434	0	0%	3,434	0	0%
<b>Total Revenue</b>	<b>3,434</b>	<b>3,434</b>	<b>0</b>	<b>0%</b>	<b>3,434</b>	<b>0</b>	<b>0%</b>

This BEL supports the EU Exit and Strategy Unit. The EU Exit & Strategy Unit (EESU) was created to coordinate, support and drive our exit from the EU and transition activities. The Unit works across the Climate Change and Rural Affairs portfolios, to facilitate, co-ordinate and deliver strategic evidence, modelling and their practical applications to support the portfolios' wider policy making. With the completion of a comprehensive trade agreement with the EU the Unit's primary focus is to support the operationalisation of new cross-cutting functions and structures arising from leaving the EU, with the primary responsibility for developing, delivering, managing and communicating

policies resting with each of the respective policy teams.

**Summary**

The RA MEG Draft Budget BEL table for 2023-24 is presented to the Committee for consideration.

**Lesley Griffiths**

**Minister for Rural Affairs, North Wales and Trefnydd**

Paper 06 - Legislation, Justice and Constitution Committee - 16 January 2023 – written evidence by the Counsel General and Minister for the Constitution

**Legislation, Justice and Constitution Committee**

**Date:** 16 January 2022

**Title:** The Welsh Government's Draft Budget for 2023-24

**1. Introduction**

- 1.1. The Counsel General and Minister for the Constitution is attending the Legislation, Justice and Constitution Committee on 16 January to give evidence as part of the Committee's scrutiny of the Government's Draft Budget proposals for the forthcoming 2023-24 financial year.
- 1.2. The Chair's letter of 22 November to the Counsel General set out a number of areas where the Committee requested further detail on the Welsh Government's proposed spending in relation to justice and the accessibility of Welsh law, as detailed in the Annex to the letter. This paper sets out that further detail, utilising the headings as used in the Annex to the letter.

**2. General**

- 2.1. The schedule at Annex 1 provides a breakdown of the Draft Budget proposals for 2023-24 by Main Expenditure Group ("MEG"), Spending Programme Area ("SPA") and Budget Expenditure Line ("BEL") from which planned justice-related actions will be funded. The schedule provides a narrative description of the justice-related activity resourced by each BEL, together with a comparison of the allocation in the 2023-24 financial year with the previous financial year.
- 2.2. The 2023-24 Draft Budget is underpinned by difficult choices, containing several reductions in funding. Ministers have made difficult choices and are having to pass on cuts in funding in areas where ordinarily they would not wish to do so.
- 2.3. To enable the Welsh Government to protect key areas, a reprioritisation exercise has been undertaken to release funding from within existing plans and to re-focus the limited resources in the areas of greatest need. The intention is to ensure every pound invested makes the greatest positive impact. It is recognised in doing so, this will regrettably have negative impacts for those areas from which funding has been reprioritised.
- 2.4. Through using funding released from the reprioritisation exercise, together with some limited positive changes to our overall settlement as a result of the Autumn Statement, the Welsh Government has targeted additional allocations towards protecting frontline public services and delivering our Programme for Government commitments, helping those affected by the cost-of-living crisis and supporting our economy through recessionary times.

- 2.5. Turning to the level of information provided on planned spending on justice-related activity in the Draft Budget, the “Budget Process Protocol” (“the Protocol”) between the Senedd and the Welsh Government agreed by the Senedd on 21 June 2017 is the document that currently sets out the understanding between the Finance Committee and the Welsh Government on budgetary related matters. In accordance with the Protocol, the Draft Budget for 2023-24 sets out budget proposals for each portfolio at the BEL level.
- 2.6. Justice-related activity cuts across portfolios and is allocated funding from within a number of BELs across MEGs as detailed in the schedule at Annex 1. In many cases, expenditure will largely be on costs of staff whose time is not precisely divided between justice and non-justice related activity, or forecasts of expenditure cannot be disaggregated in this way. The granularity of detail on budget allocations for justice-related activity does not, therefore, go beyond BEL level in the Draft Budget for 2023-24. This approach is consistent with the Protocol, and the structure and presentation of the Draft Budget for 2022-23 is therefore consistent with previous years’ budgets.
- 2.7. There has been a change in the description of the BEL that supports the Welsh Government’s justice transformation programme. Formerly the BEL for the budget allocated to the Commission on Justice in Wales (“the Thomas Commission”), the BEL now allocates the budget that resources the Justice Policy Division to take forward activity supporting the justice transformation agenda in Wales. This principally comprises of taking forward the Thomas Commission recommendations and the Programme for Government commitment to pursue the case for the devolution of policing and justice, together with co-ordinating leadership on justice activity across Government through supporting the Cabinet Sub-Committee on Justice. The BEL has therefore been renamed from “Justice Commission in Wales” to “Justice Transformation” to better reflect the purpose of the budgetary allocation.
- 2.8. The costs to be met from the Justice Transformation BEL are primarily staffing costs. This includes the costs of staff working on taking forward the recommendations of the Law Commission’s report on reform of devolved tribunals. However, this BEL is also expected to be used for commissioning external services such as research or analysis. For example, the Welsh Government has recently issued an invitation to quote for an assessment of need for solicitor apprenticeships in Wales. The costs of this work are expected to be met from the Justice Transformation BEL across the 22/23 and 23/24 financial years.
- 2.9. The Protocol acknowledges that the budget process is evolving, and that presentation of budget proposals will change. There is always more that can be done to improve transparency. As the Committee is aware, we intend to bring forward an annual report setting out progress against our *Delivering Justice for Wales* work programme. As part of this, we continue to explore whether there are ways in which we can improve the level of granular information we can provide about justice expenditure across government.

### **3. Delivering Justice for Wales**

- 3.1. The Committee asked for information on planned spending on the Law Council of Wales. While the Welsh Government worked with the legal sector to establish the Law Council of Wales, the Council is independent in its operation and it does not receive any funding from the Welsh Government. This reflects the importance of the Law Council having complete autonomy in determining and delivering its own work programme. Consequently, the Welsh Government is not responsible for any expenditure on this activity. It is therefore not possible to provide a breakdown of its planned spending for 2023-24. The Welsh Government continues to work in partnership with the Law Council and an update on that activity will be provided in the Delivering Justice for Wales annual report.
- 3.2. That aside, Delivering Justice for Wales sets out an ambitious forward work programme, covering 59 actions across 10 thematic areas. While many of these activities will have concluded by the end of 2023-24, other actions have a longer-term focus. As noted above, we intend to produce an annual report setting out progress against this work programme and are continuing to explore the extent to which we can provide meaningful detail on expenditure to date and planned expenditure going forward.
- 3.3. The schedule at [Annex 1](#) details proposed spending allocations in the Draft Budget for 2022-23 on justice programmes in partnership with the Ministry of Justice. These include the Women's Justice and Youth Justice Blueprints, the Partnership Agreement for Prison Health and offender learning.
- 3.4. The Justice Transformation BEL as set out in the schedule at [Annex 1](#) resources the tribunal reform project. The Welsh Government endorses the principle of the Law Commission's conclusions for reform of the Welsh Tribunals and other devolved tribunals in Wales and *Delivering Justice for Wales* set our intention to take forward structural reform of devolved tribunals to create a modernised tribunal system for Wales. A new, unified system of tribunals can only be put in place with primary legislation. The scheduling of that legislation is subject to its own separate processes and we are taking forward preparatory work ahead of that legislation being timetabled.

### **4. The Future of Welsh Law**

- 4.1. As explained in my letter of 22 February, our work to deliver the legislative programme is an element of the work of the Government as a whole and this is the same for the accessibility of law programme – the total overall costs, including that of the Bill work, are met from across a number of portfolios as part of the wider legislative activity of the organisation. The indicative costs of the additional staffing that were required to increase drafting and translation capacity, as well as other staff to work on the non-legislative projects, were set out in the Explanatory Memorandum to the Legislation (Wales) Bill.
- 4.2. In my recent annual report on “The Future of Welsh Law” programme I explained our early work on understanding the role that machine learning and artificial intelligence has shown there is scope for using emerging technology to help make information about the law more accessible and easier to understand in respect of specific issues (such as tax liabilities or housing rights).

- 4.3. We have allocated an indicative sum of £350,000 in the Draft Budget for 2023-24 to Canolfan Bedwyr of Bangor University for language technology work, which includes machine translation. Part of this funding will go towards continuing to gather training data to develop domain-specific machine translation for the justice domain which we started in the 2022-23 financial year.
- 4.4. Work on annotating Welsh law published on the legislation.gov.uk website is in its infancy but is progressing well. Much of the project to date has focussed on working with legislation.gov.uk to develop and test the new functionality and to undertake the necessary training. However, in the first two months of full rollout the small team within Welsh Government have brought all Acts of Senedd Cymru up to date in both languages and have now begun on Acts of the National Assembly. There are three Executive Officer grade staff and one Higher Executive Officer staff trained to work on annotation, and they perform this work alongside other duties, primarily work associated with making, registering and publishing subordinate legislation. We are trialling a number of ways of working to ensure progress on annotation can be maintained and the staff develop the range of skills necessary to perform this work effectively, but I am delighted with the progress made to date. I will ensure the Senedd is kept informed of their work.

Paper 06a - Annex A - Welsh Government's draft budget proposals for 2023-24 and allocation of resources to justice related activity

**Annex 1 Welsh Government's draft budget proposals for 2023-24 and allocation of resources to justice related activity**

MEG <sup>1</sup>	SPA	BEL	Allocation £000s 22-23	Indicative 23-24 Allocation	Justice related activity resourced by BEL
Central Services & Administration	External Bodies & Services	Justice Transformation	490	480	Co-ordinating the Justice Transformation programme across Government and the response to the recommendations of the Commission on Justice in Wales, supporting engagement with the UK Government on the devolution of justice, developing the legal sector including engagement with the Law Council of Wales, taking forward work relating to the Welsh Tribunals including reform pursuant to the Law Commission review of devolved tribunals in Wales.
		Tribunals	4,193	4,110	Administration and support of the Welsh Tribunals through the Welsh Tribunals Unit.
	Central Programmes	Civil Contingencies & National Security	0	0	Counter terrorism, serious organised crime. No budget is assigned to the BEL, and it is not included in the Draft Budget tables. Any spend in previous years has been managed within the CSA MEG.
Finance & Local Government	Healthcare Inspectorate Wales	Healthcare Inspectorate Wales	4,339	4,339	While Her Majesty's Inspectorate of Prisons (HMIP) has a statutory duty to inspect health care and substance misuse in prisons in England and Wales, there is a <a href="#">Memorandum of Understanding</a> between HMIP and Healthcare Inspectorate Wales (HIW), in which HIW may accompany HMIP on routine inspections of public sector prisons. HIW's focus regarding prisons is in relation to the quality and safety standards and governance arrangements for the provision of prison health services by the health boards

<sup>1</sup> "MEG": Main Expenditure Group, "SPA": Spending Programme Area, "BEL": Budget Expenditure Line.

MEG <sup>1</sup>	SPA	BEL	Allocation £000s 22-23	Indicative 23-24 Allocation	Justice related activity resourced by BEL
					in Wales. <sup>2</sup>

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<sup>2</sup>Justice-related activity has been allocated funding within the draft budget for that BEL.

MEG <sup>1</sup>	SPA	BEL	Allocation £000s 22-23	Indicative 23-24 Allocation	Justice related activity resourced by BEL
Social Justice	Equality, Inclusion & Human Rights	Equality, Inclusion & Human Rights	16,886	17,316	<p><u>Human Rights<sup>3</sup></u> Work will be taken forward in relation to five main action areas:</p> <ul style="list-style-type: none"> <li>• preparatory legislative work;</li> <li>• development of Human Rights guidance;</li> <li>• review of Public Sector Equality Duty Welsh Regulations;</li> <li>• incorporation of Human Rights into Integrated Impact Assessment processes; and</li> <li>• widening Awareness of Human Rights.</li> </ul> <p>Work on these issues will be undertaken mainly by existing staff in the newly formed Human Rights Team.</p> <p><u>Anti-Racist Wales Action Plan</u> Programme for Government commitment to ensure the justice elements of the Anti-racist Wales Action Plan are robust and to address these matters with the police and the courts. The Plan includes a specific chapter on crime and justice, and we have also worked with criminal justice partners on a separate Criminal Justice Anti-Racism Action Plan for Wales.</p> <p><u>Hate Crime</u> Funding of the Wales Hate Support Centre, run by Victim Support, to provide support and advocacy through the criminal justice system to all victims of hate crime in Wales. Funding of anti-hate crime communications campaign Hate Hurts Wales to help raise awareness and increase reporting of hate crime. Exploring preventative work with perpetrators.</p>

<sup>3</sup> See footnote 2.

MEG <sup>1</sup>	SPA	BEL	Allocation £000s 22-23	Indicative 23-24 Allocation	Justice related activity resourced by BEL
Social Justice	Supporting Communities Supporting Communities	Social Partnerships	806	861	The budget allocation covers a wide range of work within Social Partnership, Employability and Fair Work directorate including wider Programme for Government commitments and their associated programme staff costs. It provides the resource for modern slavery justice related activity. <sup>4</sup>
		Basic Income	5,000	12,200	The budget allocation resources exploring how children entering or leaving custody might be included in and engaged with the basic income for care leavers pilot. <sup>5</sup>
	Advocacy Services	Advice Services	11,875	11,675	Under the Information and Advice Action Plan for Wales: through the Single Advice Fund grant funding a framework of strategically planned and integrated social welfare advice services; implementation of the Advice Quality Framework; and promotion of networking as a means of helping people attain a better understanding of accessing their individual rights.
	Violence against Women, Domestic Abuse and Sexual Violence	Violence against Women, Domestic Abuse and Sexual Violence	7,875	8,005	Leading the strategic direction and implementation of the Violence Against Women, Domestic Abuse & Sexual Violence (Wales) Act 2015, which includes an objective to 'Increase the focus on holding those who commit abuse to account and supporting those who may carry out abusive or violent behaviour to change their behaviour and avoid offending.
	Female Offending and Youth Justice Blueprints	Female Offending and Youth Justice Blueprints	1,075	1,075	Welsh Government contributions towards the Women's Justice and Youth Justice Blueprint for Wales.
	Community Support and Safety	Community Support and Safety	22,625	22,998	Funding for Police Community Support Officers.

<sup>4</sup> See footnote 2.

<sup>5</sup> See footnote 2.

MEG <sup>1</sup>	SPA	BEL	Allocation £000s 22-23	Indicative 23-24 Allocation	Justice related activity resourced by BEL
Economy	Business Wales / Entrepreneurship and Regional Economy	Business Wales	17,116	26,559	Bespoke business support to the legal sector in Wales through the Business Wales service with interventions focusing on their challenges with recruitment, retention and resilience. <sup>6</sup>
	Employability Including Young Persons Guarantee	Employability Including Young Persons Guarantee	90,936	83,758	Delivery of recommendations from David Hanson's review of offender learning. <sup>7</sup>
	Sectors & Business	Valleys Task Force	100	100	Preventative services that may help us with youth justice, including child poverty and food poverty. <sup>8</sup>
	Skills	Communities for Work	3,972	23,034	Preventative services that may help us with youth justice. Delivery of intensive employment mentoring and training to those furthest from the labour market. <sup>9</sup>
	Apprenticeships	Apprenticeships	117,033	140,033	Provision of post-16 education pathways, including A- level, FE and apprenticeship provision. <sup>10</sup>
Education & Welsh Language	Welsh Language	Welsh Language	22,404	22,404	The budget allocation funds a range of activity including provision of education pathways and language technology work, e.g., including funding of Canolfan Bedwyr of Bangor University. <sup>11</sup>
	Youth Engagement & Employment	Offender Learning	7,328	7,328	Funding for learning and skills delivery in prisons, delivered through HMPPS through procured contracts and direct delivery. An MoU is in place with HMPPS.

<sup>6</sup> See footnote 2.

<sup>7</sup> See footnote 2.

<sup>8</sup> See footnote 2.

<sup>9</sup> See footnote 2.

<sup>10</sup> See footnote 2.

<sup>11</sup> See footnote 2.

MEG <sup>1</sup>	SPA	BEL	Allocation £000s 22-23	Indicative 23-24 Allocation	Justice related activity resourced by BEL
Education & Welsh Language	Wellbeing	Whole School Approach to Wellbeing	5,200	7,400	<p>The whole school approach relates to supporting the emotional, mental health and wellbeing of learners and staff in schools as well as trusted adults as part of the school community. The whole school approach framework places an emphasis on early identification and prevention. Funding provided to local authorities as part of this approach can be used to provide targeted support for early identification of young people at risk of disengaging from education, who are more vulnerable to ending up in the criminal justice system.</p> <p>There are several ongoing projects that make up the policy area funded from this MEG and BEL.<sup>12</sup> For example, around £2m per year is invested in the Wales Police Schools Programme which provides lessons and support on topics including substance misuse, wider community and personal safety issues.</p>
Health & Social Services	Health Central Budgets	Mental Health	88,212	83,601	<p>The budget allocation provides resource to the whole school approach, supporting the emotional, mental health and wellbeing of learners and staff in schools as well as trusted adults as part of the school community. There are several ongoing projects that make up the policy area funded from this MEG and BEL.<sup>13</sup></p>

<sup>12</sup> See footnote 2.

<sup>13</sup> See footnote 2.

MEG <sup>1</sup>	SPA	BEL	Allocation £000s 22-23	Indicative 23-24 Allocation	Justice related activity resourced by BEL
Health & Social Services	Enabling Children and Communities	Children and Communities Grant (“CCG”) (transferred from the FLG MEG)	149,937	171,045	<p>Implementation of Children (Abolition of Defence of Reasonable Punishment) (Wales) Act is supported by a funding stream of £810,000 for the out of court parenting support grant, which is administered through the CCG</p> <p>Ownership of cross-government approach to safeguarding and vulnerable children and young people in education. Poverty and mental health in schools and learning outcomes for the most disadvantaged - looked after children VCYPs workstream, anti-bullying, school attendance.<sup>14</sup></p>
	NHS Delivery	Core NHS Allocations	8,253,211	8,611,185	<p>Partnership agreement for Prison Health in Wales. This includes WG led work streams on mental health, substance misuse and medicines management.</p> <p>There is also a workstream on the prison environment which is led by HMPPS. Welsh Government allocated an additional recurrent funding from 2019/20 (£1.2 million) to support local health boards to improve access to health services in the public prison estate. The aim of the funding is to support improvements to health, mental health and co-occurring mental health and substance misuse services for people in prisons and has been allocated to those Health Boards that have public sector prisons (Swansea Bay UHB, Aneurin Bevan UHB, and Cardiff and Vale UHB). Separate funding arrangements are in place for HMP Berwyn, and also HMP Parc.<sup>15</sup></p>

<sup>14</sup> See footnote 2.

<sup>15</sup> See footnote 2.

MEG <sup>1</sup>	SPA	BEL	Allocation £000s 22-23	Indicative 23-24 Allocation	Justice related activity resourced by BEL
Health & Social Services	Supporting Children	Supporting Children	4,865	3,865	Funding for family justice policy and activity that enables reductions in the number of children coming into care, improved outcomes and experiences of children. <sup>16</sup> Recurrent funding of £850K is provided to local authorities to support Reflect Services through the Revenue Support Grant.  There was a grant awarded in 2020-21 (to South-East Wales Local Family Justice Board - pilot of a Family Drug and Alcohol Court model ref 20-21/073) which was paid in advance in 20-21 that covered the period February 2021 to 31 August 2023.
	Sustainable Social Services	Sustainable Social Services	99,715	109,715	Analysis and evaluation of the implementation of the Social Services and Wellbeing (Wales) Act 2015. <sup>17</sup> The Act set out requirements to ensure local services are provided to prevent children from offending and to promote their future welfare.
Health & Social Services	Supporting Children	Support for Families and Children	6,720	5,170	Framework to support positive change for those at risk of offending in Wales, 2018-2023 and removal of the defence of “reasonable chastisement” and supporting implementation of the legislation making the physical punishment of children illegal (Children (Abolition of Defence of Reasonable Punishment) (Wales) Act 2020) by funding the out of court parenting support scheme. The funding allocated is £810,000 for 2023-24. <sup>18</sup>
	CAFCASS Cymru	CAFCASS Cymru	14,725	15,195	Funding for CAFCASS Cymru.

<sup>16</sup> See footnote 2.

<sup>17</sup> See footnote 2.

<sup>18</sup> See footnote 2.

MEG <sup>1</sup>	SPA	BEL	Allocation £000s 22-23	Indicative 23-24 Allocation	Justice related activity resourced by BEL
Climate Change	Housing Policy	Homelessness	31,147	46,147	<p>Accommodating Welsh offenders, WG and HMPPS in Wales have committed to taking a collaborative strategic approach to prevent and address homelessness for all Welsh offenders. This work is aimed at ensuring policy differences do not affect prisoners' housing outcomes on release.</p> <p>Improving implementation of the National Pathway for homelessness services for Children, Young People and Adults in the secure estate</p> <p>Housing solutions for offenders in the Welsh Criminal justice system being tested and evaluated through a number of projects including a specific Housing First project in Cardiff.<sup>19</sup></p>

<sup>19</sup> See footnote 2.

## Equality and Social Justice Committee

**Date:** 16 January 2023

**Title:** Scrutiny of the Welsh Government’s draft budget 2022-23

### General Information

1. Our resource allocation for the Social Justice MEG published at draft budget 2022-23 was £110.355m; this was set to increase to £122.685m for the 2023-24 financial year. At final budget 2022-23 our resource allocation increased from £110.355m to £227.585m this was mainly due to one off non recurrent allocation of £116.9m which were allocated as part of a package of measures to tackle the cost-of-living crisis.
2. For the 2023-24 draft budget our baseline for planning was the indicative budget set as part of the 2022-23 Spending Review. The table below demonstrates the changes made from 22-23 draft budget, to the first supplementary budget of 22-23 and the 2023-24 Draft Budget.

**Table 1: Overview of changes to BEL tables**

	<b>Draft Budget 2022-23</b>	<b>Final Budget 2022-23</b>	<b>First Supplementary Budget 2022-23</b>	<b>Indicative Budget 2023-24</b>	<b>Draft Budget 2023-24</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Resource	110,355	227,585	229,793	122,685	142,057
Capital	17,000	18,496	18,496	17,494	17,494
AME	28,063	28,063	28,063	26,045	25,132
<b>Total</b>	<b>155,418</b>	<b>274,144</b>	<b>276,352</b>	<b>166,224</b>	<b>184,683</b>

3. A breakdown of the 2023-24 Social Justice MEG allocations by Action and BEL is included at Annex A.

### Overview of changes between 23-24 indicative budget and the 23-24 Draft Budget

4. As part of the 2023-24 Draft Budget to enable us to protect key areas, the Minister for Finance and Local Government undertook a reprioritisation exercise to release funding from within existing plans and re-focus limited resources in the areas of greatest need. The principles that underpinned the reprioritisation exercise were to deliver a balanced budget and protect the Programme for Government.
5. The Social Justice MEG was asked to contribute £2.68m towards this exercise which resulted in the following budget reductions being made on a recurrent basis:

**Table 2: Savings identified to the Social Justice MEG on a recurrent basis**

Budget Expenditure Line	Budget reduction £'000s
Fire and Rescue Service – Communication System – we ended funding for the Airwave contract	1,640
Social Partnerships	100
Public Appointments	200
Advice Services	174
Supporting Communities	250
Equality, Inclusion and Human Rights	316
<b>Total</b>	<b>2,680</b>

6. Difficult decisions were necessary to reduce budgets, and these were taken in full consideration of the impacts the reductions would have. Budgets for the Social Partnership, Public Appointments and Equality, Inclusion and Human Rights BELs will still increase between 2022-23 and 2023-24 but at a slower rate than previously planned.
7. The reduction to the Advice Services budget was possible due to the completion of a time limited European Transition project. This project came to an end and allowed the funding to be repurposed towards other areas. A saving of £250k has been possible against the Supporting Communities budget. This element of the budget was uncommitted and provided an annual contingency from which the portfolio was able to respond to requests for support for cross governmental priorities during the year.
8. Due to the reduction of £1.64m against the Fire and Rescue Service – Communications System BEL, the Firelink (Airwave) grant we provide to the FRAs of £1.640m revenue annually, will cease to be provided from 2023-24. The grant is a contribution towards the FRAs' service fees for the Firelink operational communication system. [
9. Using funding released from the reprioritisation exercise, together with positive changes to our overall settlement as a result of the Autumn Statement, the Welsh Government has targeted additional allocations towards delivering our Programme for Government commitments and helping those affected by the cost-of-living crisis.
10. Our portfolio received revenue **allocations of £22m** as part of the 2023-24 Draft Budget; this included **£18.8m for the Discretionary Assistance Fund, £2.2m for the Basic Income Pilot** and a further **£1m to meet inflationary pressures across the MEG**. The £1m uplift was allocated as follows:

**Table 3: allocation of the £1m inflationary uplift across the Social Justice MEG**

Budget Expenditure Line	Allocation £'000s
Community Support and Safety – 1.65% uplift to baseline	373
Violence Against Women, Domestic Abuse and Sexual Violence – 1.65% uplift to baseline	130
Support for the Voluntary Sector and Volunteering – 1.65% uplift to baseline	130
Chwarae Teg – 1.65% uplift to baseline	6
Future Generations Commissioner – 6% increase to baseline to meet expected increases to public sector pay. Also included £81k to correct baseline from previous position.	171
Older People’s Commissioner – 6% increase to baseline to meet expected increases to public sector pay.	95
Children’s Commissioner – 6% increase to baseline to meet expected increases to public sector pay.	95
<b>Total</b>	<b>1,000</b>

**Commentary on Actions****Supporting Communities Action****Table 4: Supporting Communities Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Basic Income	Resource	5,000	10,000	12,200
Financial Inclusion	Resource	125,822	20,202	39,002
Financial Inclusion	Capital	1,496	494	494
Digital Inclusion	Resource	2,149	1,399	1,399
Supporting Communities	Resource	6,794	1,483	1,233
Supporting Communities	Capital	1,000	1,000	1,000
International Development	Resource	1,275	1,275	1,275
Social Partnerships	Resource	886	961	861
Community Bank	Capital	1,500	1,500	1,500

**Basic Income BEL 1089**

11. The profile for the Basic Income Pilot agreed at the time of the 2022-23 Draft Budget was £5m in 22-23, £10m in 23-24 and £5m in 24-25 in line with the projected costs of the pilot with a peak of payments in year two. No changes were made to the budget at the first supplementary budget in 22-23.

12. An allocation of £2.2m has been made as part of the 23-24 Draft Budget; this allocation has been baselined into 2024-25.

### Financial Inclusion BEL 1694

13. The first supplementary budget in 22-23 included the following non recurrent revenue allocations made at the 22-23 Final Budget as part of a wider cost of living package:

- £90m for Welsh Government Fuel Support Scheme
- £15m for DAF; and
- £0.62m for Credit Unions.

14. These allocations were made for one year only. The 22-23 final budget also allocated £1m in financial transaction capital to the Financial Inclusion BEL to undertake a “no interest loan” scheme starting in December 2022. The £1m is being loaned to the new consortium, Social Credit, (a collaboration between Robert Owen Community Bank, Purple Shoots and Plend) as lending capital for the pilot. This was offset by repayments of £6k.

15. Due to demand for the Discretionary Assistance Fund continuing to be very high during 2022-23, an allocation of £18.8m has been made in 2023-24 to meet this continued demand which has been baselined into 2024-25. The flexibilities that were introduced during the Covid pandemic, and which have remained to date in order to include supporting the UKG's removal of the £20 Universal Credit uplift, are being reviewed to ensure equity of access in the current cost of living crisis. The review will prioritise providing enhanced levels of support for people experiencing crisis. The timing of any changes going live are also under review. I am currently taking evidence from key partners in the Social Justice sector to shape the best way forward for the fund.

### Supporting Communities BEL 1086

16. The Supporting Communities BEL includes a revenue budget of £6.794m at the 22-23 first supplementary budget. This includes the following non recurrent resource allocations made at 22-23 final budget:

- £1m to the WLGA to tackle food poverty,
- £0.7m for Big Bocs Bwyd and £0.2m for Fareshare Cymru; and
- £3.418m in respect of the Anti-Poverty Strategy.

17. No further allocations were made at the first supplementary budget. The indicative budget for 23-24 returns to its baseline position of £1.483m.

18. No changes were made to this BEL as part of the 22-23 first supplementary budget.

19. As part of the 2023-24 Draft Budget this BEL has been reduced by £250k. This reduction took place as part of the Social Justice MEG's contribution to the Welsh Government reprioritisation exercise. This has removed a contingency held within the MEG to respond to in year request for cross governmental support to particular priorities.

### Social Partnerships BEL 1693

20. No changes were made to this BEL as part of the 22-23 first supplementary budget or the 22-23 final budget.

21. As part of the 2023-24 Draft Budget this BEL has been reduced by £100k. This reduction took place as part of the Social Justice MEG's contribution to the Welsh Government reprioritisation exercise. This reduced the planned increase

for the BEL that was due to take place between the 22-23 draft budget and the 2023-24 indicative budget.

#### Digital Inclusion

22. No changes were made to this BEL as part of the final budget. As part of the 22-23 first supplementary budget a transfer of £750k from the HSS BEL took place to extend the digital inclusion and health procured programme.

#### International Development

23. No changes were made to this BEL as part of the 22-23 first supplementary budget or the 22-23 final budget.

#### Community Bank

24. No changes were made to this BEL as part of the 22-23 first supplementary budget or the 22-23 final budget.

### **Fire and Rescue Services and Resilience Action**

**Table 5: Fire and Rescue Services and Resilience Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Fire & Rescue Services	Resource	8,045	8,405	8,405
Fire & Rescue Services	Capital	1,000	1,500	1,500
Fire & Rescue Services – Comms Systems	Resource	3,915	3,915	2,275
Fire & Rescue Services – Comms Systems	Capital	210	210	210
Community Fire Safety	Resource	848	848	848
Community Fire Safety	Capital	900	900	900

25. No changes were made to these BELs as part of the 22-23 final budget or the 22-23 first supplementary budget.

26. As part of the 2023-24 Draft Budget the Fire & Rescue Services Communications Systems budget has reduced by £1.64m. This reduction took place as part of the Social Justice MEG's contribution to the Welsh Government reprioritisation exercise. This will mean that financial support from the Welsh Government towards the Airwave contract will end on 31 March 2023.

## Commissioners Action

**Table 6: Commissioners Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Older People's Commissioner	Resource	1,598	1,598	1,693
Children's Commissioner	Resource	1,678	1,580	1,727
Public Appointments	Resource	375	600	400
Future Generations Commissioner Wales	Resource	1,509	1,509	1,680

27. No allocations were made to these BELs as part of the 22-23 first supplementary budget or the 22-23 final budget.

28. The budget for the Public Appointments BEL was planned to increase by £255k as part of the indicative budget plans for 23-24. This change was undertaken as part of the 22-23 Spending Review. As part of the 2023-24 Draft Budget the indicative budget was reduced by £200k removing part of the planned increase. This reduction took place as part of the Social Justice MEG's contribution to the Welsh Government reprioritisation exercise.

29. The budget for the Children's Commissioner at the first supplementary budget of 2022-23 was higher than the indicative budget in 2023-24 following an in-year transfer received from the health MEG to support pressures reported by the Children's Commissioner that were not possible to meet through the Social Justice MEG at the time of publishing the 2022-23 Draft Budget.

30. As part of the 2023-24 Draft Budget each Commissioner has received an uplift of 6% compared to their baseline budget (2022-23 Final Budget). This resulted in an uplift of £90k for the Future Generations Commissioner and uplifts of £95k for the Older People's Commissioner and the Children's Commissioner. The Children's Commissioner also received a non cash budget of £52k. The Future Generation's Commissioner received a further £81k so that they're baseline budget was increased from £1.509m to £1.590m in line with a previous agreement.

## Violence Against Women, Domestic Abuse and Sexual Violence Action

**Table 7: Violence Against Women, Domestic Abuse and Sexual Violence Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Violence Against Women, Domestic Abuse and Sexual Violence	Resource	8,006	7,875	8,005
Violence Against Women, Domestic Abuse and Sexual Violence	Capital	2,200	2,200	2,200

31. No changes were made to these BELs as part of the 22-23 final budget. At the 22-23 first supplementary budget a revenue allocation of £131k was made from the Climate Change MEG to the VAWDASV revenue BEL following the Internal Review of the Homelessness Prevention Grant which aligned funding with the Safer Wales – Street Life funding.

32. As part of the 2023-24 Draft Budget an allocation of £130k has been made to the VAWDASV revenue BEL which is an increase of 1.65% compared to their baseline.

## Equality and Community Cohesion Action

**Table 8: Equality and Community Cohesion Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Equality, Inclusion and Human Rights	Resource	17,148	17,632	17,316
Chwarae Teg	Resource	360	360	366

### Equality, Inclusion and Human Rights BEL 7060

33. The budget for this BEL published at first supplementary budget included the following non-recurrent resource allocations made at the 22-23 final budget:

- £1.5m for Migrant Intergration;
- £1m for Gypsy & Roma Traveller digital services;
- £0.7m for Period Dignity; and
- £1m for Equalities Initiatives.

34. The indicative allocation for 23-24 included an allocation of £4.946m, this indicative allocation for 23-24 was reduced by £316k. This reduction took place as part of the Social Justice MEG's contribution to the Welsh Government reprioritisation exercise.

## Advocacy Services Action

**Table 9: Advocacy Services Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Advice Services	Resource	12,831	11,849	11,675

35. The Advice Services BEL included a non-recurrent resource allocation at final budget 22-23 of £1.7m for the Single Advice Fund. A further allocation of £1.056m transfer was made at the first supplementary budget in 22-23 as a result of a transfer from HMT for Debt Advice Funding.

36. The indicative budget for 2023-24 includes £1.674m to support the single advice fund.

37. The budget for the BEL has been reduced as part of the 2023-24 Draft Budget by £174k which is as a result of a European Transition project coming to an end. This reduction took place as part of the Social Justice MEG's contribution to the Welsh Government reprioritisation exercise.

## Support for the Voluntary Sector

**Table 10: Support for the Voluntary Sector Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Support for the Voluntary Sector & Volunteering	Resource	7,494	7,494	7,624

38. No changes were made to this BELs as part of the 22-23 final budget or the 22-23 first supplementary budget.

39. As part of the 23-24 Draft Budget this budget has increased by £130k which represents a 1.65% increase on the baseline.

## Community Support and Safety

**Table 11: Community Support and Safety Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Community Support & Safety	Resource	22,625	22,625	22,998

40. No changes were made to these BELs as part of the 22-23 final budget or the 22-23 first supplementary budget.

41. As part of the 23-24 Draft Budget this budget has increased by £373k which represents a 1.65% increase on the baseline.

## Female Offending and Youth Justice Blueprints

**Table 12: Female Offending and Youth Justice Blueprints Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Female Offending & Youth Justice Blueprints	Resource	1,075	1,075	1,075

42. No changes were made to these BELs as part of the 22-23 final budget or the 22-23 first supplementary budget.

## Gypsy Traveller Sites

**Table 13: Gypsy Traveller Sites Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Gypsy Traveller Sites	Capital	3,690	3,190	3,190

43. No changes were made to these BELs as part of the 22-23 final budget or the 22-23 first supplementary budget.

## Community Facilities

**Table 14: Community Facilities Action**

BEL	Resource / Capital	First Supplementary Budget 2022-23 £000's	Indicative Budget 2023-24 £000's	Draft Budget 2023-24 £000's
Community Facilities Programme	Capital	6,500	6,500	6,500

44. No changes were made to these BELs as part of the 22-23 final budget or the 22-23 first supplementary budget.

### Prioritising support for the most vulnerable

45. This draft budget has been prepared in hard times following years of austerity as well as the continuing impacts of Brexit and the pandemic. Inflation is at a very high level and expected to remain high through 2023-24 impacting at a higher level for those on the lowest incomes., These factors have exacerbated the cost-of-living crisis we are now experiencing. Our priority has been to protect public services, tackle inequalities and shield the vulnerable; however, we have had to do this within the context of limited funding and also recognising that inflation means our budgets are now worth considerably less than they were worth in December 2021 when our plans were originally published.

46. As part of the preparation of this Draft Budget, across Welsh Government a reprioritisation exercise was undertaken to identify where funding could be released from within existing plans to be refocused on areas of greatest need. The reprioritisation work has been based on three priorities:

- Protecting frontline public services and our ambitions for the future;
- Continuing to provide help to those most affected by the cost-of-living crisis; and
- Supporting our economy through recessionary times.

47. Each Minister will set out the reprioritisation decisions taken impacting their own portfolios within their own evidence papers.

48. Within my own MEG I have prioritised funding for the Discretionary Assistance Fund and the Basic Income Pilot. I have allocated an additional £18.8m to the Discretionary Assistance Fund in 2023-24, baselined into 2024-25, which brings the budget next year in line with the demand we are seeing in this financial year. The DAF is a key tool in our response to the cost-of-living crisis and ensures that support is available to the most vulnerable members of our society.

49. The Basic Income Pilot is a radical intervention, supporting a group of young care leavers with an income of £1,600 (before tax) every month. We continue to support the pilot, which will run for two years and are allocating an additional £2.2m in 2023-24 to ensure that support is available to all those eligible to participate in the pilot.

50. We received a small inflationary uplift for the MEG of £1m as part of the 2023-24 Draft Budget to support key priorities in my portfolio including allocations to the third sectors and to PSCOs.
51. Across Welsh Government other allocations have been made to support the most vulnerable which include £9m for Pupil Development Grant, and £10m for Housing. These allocations are all baselined into 2024-25. In addition to this we have allocated £40m in 2023-24 reducing to £20m in 2024-25 to support our ongoing response to the humanitarian crisis in Ukraine; this funding will support those fleeing the conflict and seeking sanctuary in Wales.
52. I have also protected funding for our work to tackle Violence Against Women, Sexual Violence and Domestic Abuse (VAWDASV). The Welsh Government has developed its new, five-year VAWDASV National Strategy for 2022-26 alongside a group of key partner organisations including the police, specialist sector and survivors. Our Programme for Government commits to strengthening the strategy to include a focus on violence against women in the street and workplace as well as the home. Delivery of the strategy will be through a Blueprint approach which brings together devolved and non-devolved organisations. The VAWDASV revenue budget for 2023-2024 is £8.005 million, which supports the Programme for Government commitment, while the capital budget is £2.2 million, which supports a range of statutory and voluntary organisations' VAWDASV capital projects.

### **Strategic Integrated Impact Assessment**

53. We continue to outline the steps we are taking to reform budget and tax process improvements as part of our Budget Improvement Plan which is published alongside the Draft Budget. This year we have worked collaboratively with the Budget Improvement Impact Advisory Group (BIAG) to explore how we undertake the Strategic Integrated Impact Assessment (SIIA); this has included some changes within the SIIA published as part of this Draft Budget. Further longer-term actions are being explored through continued working with the BIAG to review our approach to assessing impacts of budget decisions as part of the Budget Improvement Plan (BIP).
54. It also remains important to recognise that this SIIA outlines the contextual evidence that has supported our spending decisions. It is just one of a suite of documents published as part of our Draft Budget, with the impact of spending decisions outlined as part of the main narratives in chapters four, complemented by the SIIA at Annex A. Following publication of the Draft Budget, the Minister for Finance and Local Government will publish an extensive summary of all Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG; this will provide a more detailed account as to how Draft Budget decisions have impacted on different groups.

### **Equality, Race and Disability Data Units**

55. The Equality, Race and Disability Evidence Units have met regularly with the Minister for Finance and Local Government's officials preparing the draft budget over the last year, sharing relevant releases and events on equality evidence to inform the budget process. More recently, in collaboration with analysts across

the wider Equality, Poverty and Children's Evidence and Support Division, they have provided a high-level and intersectional analysis of available evidence on inequality to highlight which people may be most impacted by budget cuts. The evidence was summarised across a range of issues including who were most likely to be impacted in areas such as long-covid, the cost of living and environmental emergencies. The information provided has been used to inform the SIIA which will sit alongside the 2023-24 Draft Budget.

56. As outlined in the Equality and Disability Evidence Unit's strategy, in the longer term, they will provide high level advice, guidance, support and challenge so that data on inequalities can be used appropriately by policy officials to support better policy decisions including policy impact assessments and spending decisions.

## Gender Equality Review

57. Our Advancing Gender Equality in Wales Plan provides the framework through which we will address the changing landscape for women in Wales. The first phase implementation plan which identifies short- and medium-term priority actions, was published in March 2020 and covers the period 2020-23.

58. Given the impact of Covid-19, there was a need to update the plan to reflect the new context. The Wales COVID-19 Evidence Centre and the Bangor Institute for Health & Medical Research (BIHMR) was commissioned to identify international, innovative practice that may be included in the Plan to ensure it properly responds to the impact of Covid-19 in relation to gender equality. The final report was published in February 2022.

59. Alongside this, an analysis of the lived experience of women in Wales throughout the pandemic was undertaken by WEN Wales as a part of their work programme supported through the Equality and Inclusion grant funding.

60. A dedicated Gender Equality Forum was established earlier this year to oversee implementation of the Gender Equality Review and Advancing Gender Equality in Wales Plan. This work was previously undertaken by a sub-group of the Strengthening and Advancing Equality and Human Right steering group. However, the standalone Forum will provide more time for detailed discussions to drive forward and scrutinise progress.

61. The reports from both the Wales COVID-19 Evidence Centre and WEN Wales were shared with Forum members following their publication in February/March 2022. An internal progress review against the Plan was also undertaken and an update was shared with Forum members in February 2022. This showed that although work on the plan was slower than anticipated due to the pandemic, a significant amount of work across a range of priority actions had been undertaken.

62. All these actions are feeding into the work currently underway to co-produce the next iteration of the Plan which will reflect the changing priorities for women and girls in Wales in light of both the Covid-19 pandemic and the cost-of-living crisis. Gender Equality Forum members are instrumental in the co-production role. Using their own expertise, lived experiences of their clients and networks and evidence from reports including those from the Wales Covid-19 Evidence Centre and WEN Wales, the Forum has identified key priority areas to be

addressed.

63. At the most recent Forum meeting held in October, Forum members were able to engage directly with policy officials working on women's health and unpaid care to explore these priority areas in more depth.
64. Upcoming work includes a further progress update on actions in the Plan which will be provided to Forum members in January. This will be accompanied by a workshop with Forum members to identify and refine specific priority areas and actions, consider where actions need to go further and where there are gaps/changing priorities and to consider the Gender Action Plan alongside the development of the Anti-Racist Wales Action Plan (ARWAP), LGBTQ+ Action Plan and the work of the disability rights taskforce.

### **Wales Anti-Racist Action Plan**

65. A key priority of The Welsh Government is our commitment to creating an anti-racist nation by 2030. Our Wales Anti-racist Action Plan, which was launched on Tuesday 7<sup>th</sup> June, is built on the values of anti-racism and calls for zero tolerance of all racial inequality.
66. Since the launch of the report, we have appointed the Head of the Anti-racist Wales Action Plan Implementation Team. Recruitment for other roles is currently underway.
67. Work is also underway to establish the Governance structure. We have now completed the sifting and interviews for seven external anti-racism experts and eleven diversity representatives with lived experience to join the External Accountability Group. The induction and first meeting of the External Accountability Group will be held in January 2023.
68. Work is also underway to establish Regional Forums which will capture lived experience and provide a direct link to our work and engagement with our Black, Asian and Minority Ethnic people across Wales.
69. We have now received feedback on our draft communication plan, and we are hoping that our central communications plan to promote the work of the Anti-racist Wales Action Plan will be completed by the end of December.
70. The initial recommendations made in the Deeds not Words and Roadmap reports will also be considered to determine whether there are longer term recommendations that could now be incorporated into the new plan or if there are any gaps.
71. An update of the plan will not mean that work on the existing plan will end or that work cannot begin until the new plan is published.
72. The Advancing Gender Equality in Wales Plan is cross-governmental and cross-cutting. The actions in the plan are owned by different areas of Welsh Government and the spending allocations to progress the actions are therefore taken across Welsh Government. The Programme for Government prioritises implementation of key aspects of this Plan and reflects the priority areas identified by the Gender Equality Forum. Action is already underway in many of these areas.

73. Officials from the Equality team co-ordinate the plan, influence cross government policy development and monitor progress.
74. A key aim of the Plan is to embed equality across Welsh Government by ensuring that all policy areas take account of the intersecting needs of citizens in Wales when developing and implementing policy and practice and there have been some significant steps forward in this area.
75. We have made a commitment to embedding **gender budgeting** in our budgetary processes. A longer-term plan of this work can be found in our Budget Improvement Plan which is updated annually alongside our Draft Budget. Consideration of gender is undertaken as part of our Strategic Integrated Impact assessment which is published alongside our 2023-24 Draft Budget.
76. As is outlined in the updated Budget Improvement Plan, we have continued to evolve our work to embed a gender focused approach in a number of areas. To ensure we are learning lessons from others, we have used our links through the Well-being Governments network (WeGo) to continue engagement with world leaders such as Iceland and Canada and widen our networks with others operating in this area. We are working closely with members of the Budget Improvement and Impact Advisory Group (BIIAG) to look at how a tool such as gender budgeting can assist us in strengthening our budget and tax processes, with a particular focus on how we assess the impacts of our spending decisions.
77. Changes to this process are being considered both in the short and longer term with a clearer plan of action being developed collaboratively with the Group and further detail can be found within this Plan. The Plan also provides an update on our three Gender Budgeting pilots; the Personal Learning Accounts (PLA), the Young Persons Guarantee (YPG) pilot and the E-Move project being delivered by Sustrans Cymru.
78. Gender mainstreaming was also identified as a key mechanism to embed equality across Welsh Government. In 2021 the Minister for Social Justice agreed funding for a Mainstreaming Equality Pilot to take place. Dr Alison Parken led the work which began in November 2021 and reported in September 2022. The equality mainstreaming model was tested on a live policy area to produce a practical case study and recommendations as to how the mainstreaming model could be incorporated into policy making across Welsh Government.

### **Social Model of Disability**

79. The Welsh Government is committed to applying and embedding the Social Model of Disability throughout everything it does.
80. The 'Locked Out: Liberating Disabled People's Lives and Rights in Wales beyond COVID-19' report was published in July 2021. The report highlights the inequalities that many disabled people face in Wales which were exacerbated by

the pandemic. The Disability Rights Taskforce was originally established to run until the summer 2023, but this has been extended to 31 March 2024. The work of the Taskforce is based on a common understanding of the Social Model of Disability, Human Rights, and Co-production.

81. The Taskforce established the following workstreams were identified as priority areas for the programme of work: Embedding and Understanding of the Social Model of Disability (across Wales):
  - Access to Services (including Communications and Technology)
  - Independent Living: Social Care
  - Independent Living: Health and Wellbeing
  - Travel
  - Employment and Income
  - Affordable and Accessible Housing
  - Children and Young People
82. The Working Groups have a range of stakeholders, which includes organisations that support disabled people, disabled people with lived experience and Welsh Government policy leads. A facilitation contract with Access Design Solutions is in place.
83. All members of the Taskforce and working groups have been offered training on the 'Social Model of Disability', delivered by Disability Wales. Officials are also developing bespoke training for colleagues in the Health and Social Care inspectorates.
84. Training on Co-production will be delivered to the Taskforce and working group members in December 2023 and January 2024.
85. A remuneration process for 'community mentors' is currently under development.
86. The working groups will co-produce the Disability Rights Action plan, to be published in 2024.
87. The UK Government introduced a Bill of Rights (Economic, Social and Cultural rights), in June, and as of yet no date has been set for the second reading of the Bill. Subject to the Bill not being withdrawn, a Legislative Consent Memorandum will need to be laid before the Senedd. The scope of the Bill which seeks to repeal the Human Rights Act 1998 is wide. The intention is that the UK will remain a state party to the European Convention on Human Rights (ECHR). The wide scope means that if the Bill proceeds, it is conceivable that amendments may be laid with the intent to legislate for Economic, Social and Cultural (ESC) rights. ESC rights are contained in UN Conventions rather than the ECHR; a recent report by the Brown commission has recommended that there should be new and constitutionally protected, social rights.
88. While opposition amendments may not be accepted, any serious proposal to make ESC rights justiciable and subject to the oversight of the courts would be a significant constitutional development. The work being undertaken by the Human Rights Action Group will, in part, consider how ESC rights can be given effect to in Wales via legislation or otherwise.

## Inflation and the cost of living

89. Inflation and its impact on cost of living has been a key consideration as part of this draft budget. Since the publication of our draft budget last year, we announced a one year £330m package of support to tackle the cost of living crisis which included £90m to implement a Welsh Government Fuel Support Scheme in the autumn of 2022 as well as an additional £15m for the Discretionary Assistance Fund and £1.7m for the Single Advice Fund in 2022-23. Further support has also been provided to the Discretionary Assistance Fund in year with its forecast overspend managed within the MEG.

90. As we have set out above, as part of the 2023-24 Draft Budget, as a Government we undertook an exercise to review and reprioritise our budgets in order to prioritise our support where it was needed most. As a result of this exercise the following allocations have been made to support households with cost-of-living pressures through this Draft Budget:

- **£18.8m for the Discretionary Assistance Fund** – the DAF provides emergency support payments for people in need and is a fundamental part of our support for vulnerable individuals. The additional allocation of £18.8m in my MEG will ensure people severely impacted by the cost-of-living crisis can continue to access this emergency support.
- **£9m for Pupil Development Grant** - Tackling the impact of poverty on children and young people's attainment is central to our flagship Pupil Development Grant (PDG). In MEWL MEG year on year we have extended the PDG to reflect the increase in eFSM learners, with funding for 2022-23 now at around £130m. The current cost of living crisis and economic downturn is having an impact on lower income households. Building on the additional £20m allocated as part of last year's Spending Review, we have allocated a further £9m to the PDG from 2023-24 to support our most economically vulnerable learners.
- **£10m for Housing** - The cost-of-living crisis and subsequent impact on household budgets means many people are unable to pay their rent or other household bills and risk falling into rent arrears and subsequently risk facing eviction. This is pushing more individuals to seek homelessness prevention support from local authority homelessness teams, there is a very real risk that the already high presentation numbers will continue to increase as the cost- of-living crisis further impacts households. An allocation of £10m to the MCC MEG has been made to prevent homelessness and maintain 'no-one left out' approach to ensure no-one is forced to sleep rough. The additional funding will enable further homelessness prevention measures, including where homelessness cannot be prevented, meeting the costs of temporary accommodation.

91. We are also maintaining our financial support in other areas, for example Pupil Development Grant Access. The PDG Access grant has made a huge difference to many lower income families across Wales, helping to remove the worry surrounding the purchase of school uniform and equipment, enabling children to attend school and take part in activities at the same level as their peers. In 2021/22 the grant was extended to eligible children and young people in all compulsory school years, meaning that even more families can now benefit from this support. For 2023-24, the budget for PDG Access is £13.6m,

with funding of £125 per learner for all year groups up to Year 11, and £200 for learners in Year 7.

## **Debt**

92. In 2023-24 we will make £11m grant funding available to Single Advice Fund (SAF) services, from which at least £3.1m will be ringfenced to fund the provision of generalist and specialist debt advice services. We have a longstanding commitment to supporting advice services, recognising how these services tackle income poverty, prevent homelessness, enhance employability, and bring improvements to health and well-being of some of the most vulnerable members of our communities. Since January 2020, SAF services have helped 144,000 people deal with over 660,000 social welfare problems. Those helped were supported to claim additional income of £83 million and had debts totalling £23 million written off.
93. It is rare that debt is the only problem a person will have, this is why debt advice is delivered through the integrated SAF, where a person will get advice to resolve their debt problems, together with income maximisation support and help to resolve other social welfare problems, such as, housing or employment or discrimination. This ensures any underlying causes of debts are tackled, enabling people to take more control of their finances.
94. With the uncertain economic climate, the demands on advice services, especially debt advice, will continue to increase in the next financial year. Our continued funding of the collaborative SAF delivery model, which provides services to address a person's crisis needs and offers them wraparound support to develop their resilience to future social welfare problems occurring, will help to meet some of this increased demand by reducing the need for people to keep returning for advice.
95. The cost-of-living crisis is having a negative impact on household budgets throughout Wales, but we know it is the most vulnerable people who are facing the toughest financial struggles. In the last year, 83% of people accessing SAF services identified themselves as coming from a population group who are being hardest hit by the cost-of-living crisis, including older people, disabled people, and people from Black, Asian, Minority Ethnic Communities. By maintaining our grant funding for the SAF in 2023-24, we can be confident that our advice and support services will be reaching the people who are in most need.
96. As a Government we have repurposed our budgets in order to prioritise funding for those hardest hit by the cost-of-living crisis. This has resulted in additional allocations for the Discretionary Assistance Fund, homelessness services, and the Pupil Development Grant as set out above.

## **Fuel poverty**

97. The Warm Homes Programme has developed in response to the current crisis and the committee recommendations. Since 2010 to the end of March 2021, more than £394m has been invested to improve home energy efficiency through the Warm Homes Programme, benefitting more than 67,100 lower income households. People on means tested benefits or who have specific

health needs and are eligible, have been able to receive free energy adaptations such as heating, insulation or solar panels as part of our Nest scheme. For 2020/21 Nest provided over 15,500 households with tailored advice and referrals to third party services. Benefit entitlement checks resulted in a household average £2,091 potential increase in benefit take-up, increasing benefit take up by nearly £1m last year. Although not yet published, officials expect a similar level of activity and outcomes for 2021/22 and in the current financial year.

98. The Warm Homes Programme Nest Scheme improvements include investing in innovation through solar PV and more recently the introduction of battery storage, which will enable homes to use energy at source. This has resulted in some households being able to exceed the expenditure cap. An enhanced winter fuel campaign launched on 1 November, delivered through the Warm Homes Programme Nest scheme, is targeting a wider audience on energy efficiency advice, accessible to all households in Wales, also providing sign posting to claim what's yours via AdviceLink Cymru. Wider advertising is planned into early next year to increase the targeting of the campaign.
99. The Minister for Climate Change made an oral statement in plenary on 8 November providing information about how the Welsh Government will approach the challenges and opportunities of responding to the climate emergency across all housing tenures. The intention is to continue to take a fabric first, worst first and low carbon approach, delivering measures to improve the energy efficiency of the least thermally efficient low-income households in Wales.
100. This will be achieved in two parts: Part one will bring forward the procurement of a replacement demand led service, to ensure continuity to assist those least able to pay to respond to the cost-of-living crisis. This will also ensure a just and affordable transition to low carbon homes. Part two is the development of a whole housing stock approach to decarbonisation to provide a long-term strategy for energy efficiency, fuel poverty and decarbonisation for the sector.
101. From a wider perspective, funding of £380m has been made available for a package of measures to support households, since October 2021. This includes funding for; the Discretionary Assistance Fund, helping people meet their emergency needs, such as food and fuel; the £150 Cost of living payment; further 'Claim what's yours' campaigns and support for advice services to help people access their benefit entitlements; £4.9m to support access to food and the development of food partnerships; and funding to support the development of Warm Hubs.
102. The 2021/22 Winter Fuel Support Scheme supported 166,780 households with a £200 payment towards their energy costs. scheme, The 2022/23 Welsh Government Fuel Support has extended support to more households in the current scheme, including:
- Supporting a wider cohort of benefit households;
  - Measures to support households who do not pay for their energy costs directly to a supplier;
  - Support for all households including those off grid i.e., Oil and LPG;
  - Extending the payment window to allow individuals a wider opportunity to

claim and Local Authorities more time to identify eligible residents and to process payments.

103. As of 2nd December 2022, we have made payments to over 275,000 households under the Welsh Government Fuel Support Scheme.
104. We have invested £4m through the Fuel Bank Foundation to support households on pre-payment meters who are struggling with the cost of topping up their energy and to support those off grid to purchase bulk fuel such as oil and LPG to heat their homes.
105. Up to the end of November 2022 the Fuel Bank Foundation had issued 2,666 vouchers to support those who are not able to afford to top up their pre-payment meters – supporting over 6,300 people. Their Heat fund, established as part of our £4m support package, has supported over 50 households to buy bulk fuel worth £21,000.
106. The extension of the fuel support scheme will mean nearly 200,000 more households on child tax credits, pension credits, disability benefits, carers allowance, contributory benefits and those receiving help from the Council Tax Reduction Scheme to pay their council tax bill will now be eligible. As of 18 November, payments have been made to over 260,000 households.
107. We have seen strong demand for the Pre-Payment Meter top up vouchers under the Fuel Bank Foundation with 2666 vouchers issued between August and the 20 November this year supporting over 6336 individuals. This is broadly in line with the predicted rate by the Fuel Bank Foundation. In terms of the heat fund for bulk purchase of fuel for off grid homes, 54 households have received support to date to a value of £21,000.
108. Funding for the Warm Homes Programme is within the Minister for Climate Change's portfolio.

## **Preventative Spend**

109. Our VAWDASV National Strategy, outlined above at para 52, includes an increased focus on preventative work and work with perpetrators. Tackling perpetration is one of the six main workstreams of our Blueprint approach to delivering the strategy, but prevention is also a crucial, cross-cutting theme across all the workstreams. The underlying principles which will inform our approach are to:
  - Tackle perpetrators by changing the culture of misogyny and harassment
  - Create dialogue amongst men about what masculinity means,
  - Build and sustain effective services,
  - Hold perpetrators to account,
  - 'Turn off the tap' and create societal changes to de-normalise and marginalise attitudes that give succour to abusers including challenging beliefs,
  - De-normalise sexual violence and harassment,
  - Undermine the environment in which DA takes place.
110. We are continuing to support **Police Community Support Officers (PCSOs)**, increasing our total budget for Community Support and Safety from £22.625m in

2022-23 to £22.998m in 2023-24. Although policing is not devolved, we are committed to keeping communities in Wales safe through our funding for PCSOs. PCSOs provide visible and practical support to communities, building relationships with local people and delivering work to prevent crime and ensure people feel safe where they live.

111. On the 13 December the **Child Poverty Progress Report 2022** was laid before the Senedd. The report shows the Welsh Government has made tackling child poverty a priority. We have made significant investment in a range of policies and programmes to promote prosperity, prevent and mitigate poverty and reduce the number of children living in poverty in Wales despite the extremely difficult financial climate.
112. In 2022/23 we will have invested £1.6bn in supporting people through the cost-of-living crisis by providing targeted help to those who need it the most and through programmes and schemes which put money back in people's pockets. The 2023/24 draft budget provides funding for those programmes which will address the immediate consequences of the ongoing cost of living crisis such as an enhanced package for the Discretionary Assistance Fund in the Social Justice MEG. It also continues to provide funding for preventative measures to address poverty and inequality such as continuing to provide income maximisation advice through the Single Advice Fund, and additional funding for the Basic Income Pilot for Care Leavers. It will also ensure we can maintain all those other programmes in Wales, which put money back in people's pockets – from free prescriptions to free school meals and support with the costs of sending children to school.
113. We will continue to enrol eligible young care leaver onto our Basic Income pilot. The £20m pilot will explore the benefits of a Basic Income to Care leavers in Wales on this extremely vulnerable group of young people as they transition from care into adulthood. The evaluation of the pilot will provide an opportunity to explore the longer term impacts of a regular basic income payment, including on poverty and how this payment can support the young people in the choices they make and their immediate and longer term prospects.
114. We commissioned the Wales Centre for Public Policy (WCPP) to undertake an international review of what works in tackling poverty and the report was published in September 2022 <https://www.wcpp.org.uk/publication/review-of-poverty-and-social-exclusion-in-wales/>. It identifies four key areas of focus around which poverty alleviation efforts could be coordinated going forward including (i) Reducing costs and maximising income, (ii) Pathways out of poverty by enabling wider socio-economic participation, (iii) An enabling environment and (iv) Mental load and mental health affecting people living in poverty and social exclusion.
115. This research confirms that the Welsh Government cannot tackle poverty and inequality alone. Our future approach will see greater levels of engagement with our key partners across Wales to drive activity and strengthening the impact of our collective efforts by working together towards a common goal. Working alongside our partners, we will use every lever we have available to make a positive difference for people in poverty to ensure they are able to fulfil their potential.

116. In the coming months we will launch a consultation on a refreshed Child Poverty Strategy for Wales with a view to publishing the Strategy in Autumn 2023. This will be informed by evidence from our child poverty review which looked at what more needs to be done to ensure that existing poverty programmes have maximum impact on the lives of children living in poverty; it will draw on the findings of the Wales Centre for Public Policy's review of what works in tackling poverty. We will also be seeking the views of people and organisations across Wales, including those with a lived experience of poverty.
117. Committing to this action was seen in the context of the wider work of the Budget Improvement Plan (BIP). On this basis there were other important steps that needed to be explored before any consideration could be given to commissioning independent expert advice.
118. Through our reformed Budget Improvement Impact Advisory Group (BIIAG) we are engaging with key stakeholders on improving budget and tax processes. Our BIP already outlines the actions we are taking on prevention. Consideration of prevention is part of the planned 2023 work schedule for BIIAG. As part of this work, we will consider the case for using commissioned expert advice, balanced against the costs of doing so. We will also continue to engage with international experts and other nations to draw on best practice in areas of wider budget process improvement.
119. An update of delivery of the Budget Improvement Plan has been published alongside the Draft Budget on 13<sup>th</sup> December 2022.
120. Our 2023-24 Draft Budget continues to be guided by the Well-being of Future Generations Act. This builds on the action we took last year as part of the Welsh Spending Review to align funding up to 2024-25 with delivery of the Programme for Government which contains Welsh Government's Well-being objectives.
121. A particular focus of the 2023-24 process has been balancing short- and long-term outcomes. This includes responding to short-term issues linked to the cost of living, Ukraine and wider inflationary pressures balanced against areas such as longer-term sustainability of public services. Prevention is at the heart of this approach, with the short-term investments in our Budget doing all we can to prevent those already disproportionately impacted from seeing further negative impacts as well as continuing to invest in the longer term, including to prevent the current context jeopardising the sustainability of public services.

### **Ukraine humanitarian response**

122. It is important to set this in the context of our vision for **Wales as a Nation of Sanctuary**, which means that wherever people seeking sanctuary in Wales go, they are met with welcome, understanding and celebration of their unique contribution to society, and are treated with dignity and respect. If funding levels were reduced, or no further funding were to be made available, we would need to begin to implement an exit strategy from the point at which decisions were taken on the draft 2023-24 budget. Officials would continue to work with local authority and third sector partners to increase the rates of move on – but

ultimately if transitional accommodation could not be secured within the short window available, significant numbers of Ukrainians would become homeless, triggering the local authority homelessness duty. It is clear that any significant shortfall in funding would potentially trigger further trauma for Ukrainians who have already had to flee a war zone, as well as reputational risk to Welsh Government around potential accusations of renegeing on humanitarian commitments.

123. What this means in effect is that WG would be passing the fiscal responsibility for the Ukrainian response onto local government. This would place additional pressures on an already very pressurised and struggling homelessness system, with local authorities consistently facing over 1,300 people presenting every month in need of temporary accommodation. Local authorities are currently struggling to meet both the capacity requirements and costs associated with this existing demand, and any further increase in presentation numbers would further exacerbate this. Given the highly constrained nature of the property market at this point, and the cost and lead time for developing longer term accommodation, the solutions for local government would be limited and likely similar to the costly accommodation measures that we have been using.
124. The expectation of LAs to meet the costs of supporting Ukrainian people under the homelessness duty would exacerbate the financial pressures that they face. LAs are already forecasting large pressures in 2023-24 (over £0.5bn) and would have to find further cuts in other services, including job losses, to meet housing costs. This is in addition to the reduction in Year 1 tariff and the end of UK Government tariff funding after the first year, meaning that LAs have to continue to wider support services and young people in education and with no additional budget. Housing this number of people in expensive temporary accommodation is likely to be unaffordable for local authorities who may need to consider alternative options for them or others in the wider homelessness system as they prioritise scarce resources. This could undermine and reverse the progress made in homelessness services over the last 3 years and result in large numbers of people being forced to sleep rough or a fall back to the use of unsuitable accommodation solutions such as night-shelters and floor space. This also does not sit easily with our vision for Wales as a Nation of Sanctuary.

## Paper 07a - Annex A - Budget Expenditure Lines

SOCIAL JUSTICE						
RESOURCE						
Budget Expenditure Line	2022-23 Draft Budget	2022-23 Final Budget	2022-23 1st Supplementary Budget	2023-24 Indicative Plans	Changes	2023-24 Draft Budget
	£000s	£000s	£000s	£000s	£000s	£000s
Basic Income	5,000	5,000	5,000	10,000	2,200	12,200
Financial Inclusion	20,202	125,822	125,822	20,202	18,800	39,002
Digital Inclusion	1,250	1,250	2,000	1,250	0	1,250
Digital Inclusion - Non cash	149	149	149	149	0	149
Supporting Communities	1,483	6,863	6,794	1,483	-250	1,233
International Development	925	1,275	1,275	1,275	0	1,275
Social Partnerships	806	806	886	961	-100	861
<b>Action: Total Supporting Communities</b>	<b>29,815</b>	<b>141,165</b>	<b>141,926</b>	<b>35,320</b>	<b>20,650</b>	<b>55,970</b>
Fire & Rescue Services	8,405	8,405	8,405	8,405	0	8,405
Fire & Rescue Services - Non cash	20	0	0	0	0	0
Fire & Rescue Services - Communication Systems	3,915	3,915	3,915	3,915	-1,640	2,275
Community Fire Safety	848	848	848	848	0	848
<b>Action: Total Fire and Rescue Services and Resilience</b>	<b>13,188</b>	<b>13,168</b>	<b>13,168</b>	<b>13,168</b>	<b>-1,640</b>	<b>11,528</b>
Older People Commissioner	1,589	1,589	1,520	1,589	95	1,684
Older People Commissioner - Non cash	9	9	78	9	0	9
Children's Commissioner	1,580	1,580	1,644	1,580	95	1,675
Children's Commissioner - Non cash	0	0	34	0	52	52
Public Appointments	375	375	375	600	-200	400
Future Generations Commissioner Wales	1,509	1,509	1,509	1,509	171	1,680
<b>Action: Communities</b>	<b>5,062</b>	<b>5,062</b>	<b>5,160</b>	<b>5,287</b>	<b>213</b>	<b>5,500</b>
Violence against Women, Domestic Abuse and Sexual Violence	7,875	7,875	8,006	7,875	130	8,005
<b>Action: Violence against Women, Domestic Abuse and</b>	<b>7,875</b>	<b>7,875</b>	<b>8,006</b>	<b>7,875</b>	<b>130</b>	<b>8,005</b>
Equality, Inclusion and Human Rights	12,686	16,886	17,148	17,632	-316	17,316
Chwarae Teg	360	360	360	360	6	366
<b>Action: Equality, Inclusion and Human Rights</b>	<b>13,046</b>	<b>17,246</b>	<b>17,508</b>	<b>17,992</b>	<b>-310</b>	<b>17,682</b>
Advice Services	10,175	11,875	12,831	11,849	-174	11,675
<b>Action: Advice Services</b>	<b>10,175</b>	<b>11,875</b>	<b>12,831</b>	<b>11,849</b>	<b>-174</b>	<b>11,675</b>
Support for the Voluntary Sector and Volunteering	7,494	7,494	7,494	7,494	130	7,624
<b>Action: Support for the Voluntary Sector and Volunteering</b>	<b>7,494</b>	<b>7,494</b>	<b>7,494</b>	<b>7,494</b>	<b>130</b>	<b>7,624</b>
Community Support and Safety	22,625	22,625	22,625	22,625	373	22,998
<b>Action: Community Support and Safety</b>	<b>22,625</b>	<b>22,625</b>	<b>22,625</b>	<b>22,625</b>	<b>373</b>	<b>22,998</b>
Female Offending and Youth Justice Blueprints	1,075	1,075	1,075	1,075	0	1,075
<b>Action: Female Offending and Youth Justice Blueprints</b>	<b>1,075</b>	<b>1,075</b>	<b>1,075</b>	<b>1,075</b>	<b>0</b>	<b>1,075</b>
<b>MEG: SOCIAL JUSTICE</b>	<b>110,355</b>	<b>227,585</b>	<b>229,793</b>	<b>122,685</b>	<b>19,372</b>	<b>142,057</b>

SOCIAL JUSTICE						
CAPITAL						
Budget Expenditure Line	2022-23 Draft Budget	2022-23 Final Budget	2022-23 1st Supplementary Budget	2023-24 Indicative Plans	Changes	2023-24 Draft Budget
	£000s	£000s	£000s	£000s	£000s	£000s
Financial Inclusion	0	1,500	1,500	500	0	500
Financial Inclusion - Repayments	0	-4	-4	-6	0	-6
Community Bank	1,500	1,500	1,500	1,500	0	1,500
Supporting Communities	1,000	1,000	1,000	1,000	0	1,000
<b>Action: Supporting Communities</b>	<b>2,500</b>	<b>3,996</b>	<b>3,996</b>	<b>2,994</b>	<b>0</b>	<b>2,994</b>
Fire & Rescue Services	1,000	1,000	1,000	1,500	0	1,500
Fire & Rescue Services - Communication Systems	210	210	210	210	0	210
Community Fire Safety	900	900	900	900	0	900
<b>Action: Fire and Rescue Services and Resilience</b>	<b>2,110</b>	<b>2,110</b>	<b>2,110</b>	<b>2,610</b>	<b>0</b>	<b>2,610</b>
Violence against Women, Domestic Abuse and Sexual	2,200	2,200	2,200	2,200	0	2,200
<b>Action: Violence against Women, Domestic Abuse and Sexual Violence</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>2,200</b>	<b>0</b>	<b>2,200</b>
Gypsy Traveller Sites	3,690	3,690	3,690	3,190	0	3,190
<b>Action: Gypsy Traveller Sites</b>	<b>3,690</b>	<b>3,690</b>	<b>3,690</b>	<b>3,190</b>	<b>0</b>	<b>3,190</b>
Community Facilities Programme	6,500	6,500	6,500	6,500	0	6,500
<b>Action: Community Facilities</b>	<b>6,500</b>	<b>6,500</b>	<b>6,500</b>	<b>6,500</b>	<b>0</b>	<b>6,500</b>
<b>MEG: SOCIAL JUSTICE</b>	<b>17,000</b>	<b>18,496</b>	<b>18,496</b>	<b>17,494</b>	<b>0</b>	<b>17,494</b>

SOCIAL JUSTICE						
AME - RESOURCE						
Budget Expenditure Line	2022-23 Draft Budget	2022-23 Final Budget	2022-23 1st Supplementary Budget	2023-24 Indicative Plans	Changes	2023-24 Draft Budget
	£000s	£000s	£000s	£000s	£000s	£000s
Fire Services - AME	28,063	280,663	28,063	26,045	-913	25,132
<b>Action: Fire and Rescue Services and Resilience</b>	<b>28,063</b>	<b>280,663</b>	<b>28,063</b>	<b>26,045</b>	<b>-913</b>	<b>25,132</b>
<b>MEG: SOCIAL JUSTICE</b>	<b>28,063</b>	<b>280,663</b>	<b>28,063</b>	<b>26,045</b>	<b>-913</b>	<b>25,132</b>

Paper 08 - Culture, Communications, Welsh Language, Sport and International Relations Committee - 18 January 2023 – written evidence by the Minister for Economy and the Deputy Minister for the Arts and Sport, and Chief Whip

**Culture, Communications, Welsh Language, Sport and International Relations Committee – 18 January 2023**

**Minister for Economy and Deputy Minister for Arts and Sport, and Chief Whip**

**Memorandum on the Draft Budget proposals for 2023-24**

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**1.0 Introduction**

This paper provides information to the Committee regarding our spending plans as the Minister for Economy and the Deputy Minister for Arts and Sport, and Chief Whip in respect of the culture, creative, heritage and sport budgets within our portfolio. The spending plans are set out in the draft Budget for 2023-24, published on 13 December 2022. This paper also provides an update on specific areas of interest to the Committee.

A breakdown of changes to the budget allocations (as relevant to Arts, Culture, Heritage, Creative Industries and Sport) by spending area, Action and BEL for 2023-24 and future years is provided at **Annex A**.

A commentary explaining the changes to each Action relevant to this Committee is also provided at **Annex B**. A transparent narrative explanation has been provided to explain increases and reductions, where not covered in the evidence paper. This only covers the budgets that are being scrutinised as part of this committee. Further details on budget decisions are provided in the updates on areas of interest to the Committee.

## 1.1 Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations

### Resource and Capital Budget – Economy MEG

The table below provides an overview of indicative plans for the Economy MEG published in draft Budget 2023-24

<b>Economy MEG – Summary</b>	<b>2022-23 Final Budget March 2022</b>	<b>2023-24 Indicative Final Budget March 2022</b>	<b>2023-24 Changes</b>	<b>2023-24 Draft Budget December 2022</b>	<b>2024-25 Indicative Final Budget March 2022</b>	<b>2024-25 Changes</b>	<b>2024-25 Indicative Final Budget December 2022</b>
Resource	402,421	416,582	30,901	447,483	432,688	30,860	463,548
Capital	82,792	106,187	0	106,187	81,608	0	81,608
<b>Total Resource &amp; Capital</b>	<b>485,213</b>	<b>522,769</b>	<b>30,901</b>	<b>553,670</b>	<b>514,296</b>	<b>30,860</b>	<b>545,156</b>
Resource AME	45,525	45,525	13,000	58,525	45,525	13,000	58,525
Capital AME	0	0	0	0	0	0	0
<b>Total AME</b>	<b>45,525</b>	<b>45,525</b>	<b>13,000</b>	<b>58,525</b>	<b>45,525</b>	<b>13,000</b>	<b>58,525</b>
<b>Total – Economy MEG</b>	<b>530,738</b>	<b>568,294</b>	<b>43,901</b>	<b>612,195</b>	<b>559,821</b>	<b>43,860</b>	<b>603,681</b>

## Resource

For resource, the 2022-23 baseline for draft Budget 2023-24 reflects Final Budget. The Resource budget for the Economy MEG has increased by £30.901m in 2023-24 when compared to the 2023-24 indicative final budget baseline, with further increases of £30.860m in 2024-25.

The total additional resource allocations for each financial year are summarised in the table below:

<b>Economy: Resource Budget Allocations</b>	<b>BEL</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>
Apprenticeship	Apprenticeships	18,000	18,000
<b><i>Cost of living Inflationary uplift – pay and utilities in ALBs:</i></b>			
National Library Wales	National Library of Wales	677	828
Amgueddfa Cymru - National Museums of Wales	Amgueddfa Cymru - National Museums of Wales	1,574	1,878
Arts Council of Wales	Arts Council of Wales	133	202
Royal Commission	Royal Commission on the Ancient and Historical Monuments for Wales	60	92
Sport Wales	Sport Wales	242	360
Grant funded staff in ALBs	Support for Local Culture and Sport	43	47
Cadw	Cadw	540	720
Careers Wales	Employability Including Young Persons Guarantee	1,231	1,873
<b><i>Cost of living inflationary pressures – local heritage, culture and sport:</i></b>			
Arts Council of Wales	Arts Council of Wales	500	
Sport Wales	Sport Wales	500	
Local Culture	Support for Local Culture and Sport	250	
Cadw and local heritage	Cadw	250	
<b>Total Revenue Allocations from Reserves</b>		<b>24,000</b>	<b>24,000</b>
Communities for work – noncash	Communities for Work	5	-36
<b>Total Non-cash allocations from/to Reserves</b>		<b>5</b>	<b>-36</b>
Less: Economy MEG contribution to the Welsh Government reprioritisation exercise (information on programme areas where funding has been reprioritised for budgets relevant to this committee is outlined at Annex A and B)	Various	-7,166	-7,166
<b>Total Net Revenue from Reserves for the MEG</b>		<b>16,839</b>	<b>16,798</b>
Transfer into the Economy MEG from Finance and Local	Communities for Work	14,062	14,062

<b>Economy: Resource Budget Allocations</b>	<b>BEL</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>
Government MEG (Children's Commissioner Grant)			
<b>Total Allocations to the MEG</b>		<b>30,901</b>	<b>30,860</b>

The total £27m revenue allocation for culture over three years from the Cooperation Agreement has been maintained.

The Welsh Government has undertaken a reprioritisation exercise to release funding from within portfolios for reallocation across Government. The principles underpinning this reprioritisation exercise were to deliver a balanced budget, protect frontline public services and protect the Programme for Government.

As a result of this exercise, draft budget plans reflect a return to central reserves from the Economy MEG of £7.166m in 2023-24, with reductions baselined into 2024-25. These changes for budget lines relevant to this committee are summarised in **Annex A and Annex B**.

## **Capital**

The Economy capital budget stands at £106.2m for financial year 2023-24 and £81.6m for 2024-25. There have been no changes to the allocations as part of the Draft Budget 2023-24.

## **Annually Managed Expenditure – AME**

The AME budget of £58.525m provides cover for charges that are outside the control of the portfolio, such as impairments on the property portfolio, pension valuation fluctuations for National Museum of Wales, the National Library of Wales, Sport Wales and Careers Wales. This budget is agreed with the Treasury each year and is fully funded. The AME draft Budget figures reflects the forecasts submitted to the Office for Budget Responsibility in August 2022.

### **2022-23 Forecast**

As outlined in **Annex A**, the forecast revenue out-turn for 2022-23 is £128.618m, compared to the First Supplementary Budget of £123.505m. **The variance of £5.113m is due to £2.6m Unboxed for Creative Wales, £1.147m pay pressure for Culture and Sport ALBs and £1.3m energy inflation in respect of NMW and NLW.**

The forecast capital out-turn for 2022-23 is £43.982m, compared to the First Supplementary Budget of £42.124m. **The variance is due to £0.5m NLW fire dampers.**

### **2021-22 Final Outturn**

An outturn position of £172.809m was reported against the culture, tourism, and sport resource budgets for financial year 2021-22.

An outturn position of £71.042m was reported against the culture, tourism, and sport capital

budgets for financial year 2021-22.

## **1.2 Budget Changes**

### **Resource**

The Resource budget for the budgets relevant to this Committee has increased by £3.618m in 2023-24 when compared to the 2023-24 indicative final budget baseline, with further increases of £2.976m in 2024-25. The increases relate to additional allocations to support pay and inflationary increases within our ALB's but is offset by reductions due to the Welsh Government reprioritisation exercise.

As part of the Economy MEG's contribution towards the reprioritisation exercise, there has been a 1.1% revenue reduction to Creative Wales and all Culture and Sport Arm's Length Bodies (ALB) (the National Library of Wales, Amgueddfa Cymru-National Museum Wales, Arts Council of Wales, Sport Wales and Royal Commission on the Ancient and Historical Monuments of Wales) including a reduction for the National Botanic Gardens of Wales. Overall, the resource allocation to the ALBs in 2023-24 has increased. An additional £12m has been provided in this draft budget for 2023-24 and 2024-25 (£6m/annum) to support with cost-of-living pressures. This will enable all Culture and Sport ALBs and Cadw (which is within the Welsh Government) to make a consolidated pay award to their staff comparable to that made by Welsh Government and to meet pay parity commitments for the lowest paid staff.

This additional funding will also address other inflationary pressures in the culture and sport sectors, especially exceptional utility costs at Amgueddfa Cymru, the National Library of Wales and Cadw, as well as funding to be made available to support local independent and third sector organisations across arts, museums, community libraries, heritage, and sport with additional inflationary costs.

The £8m allocation for culture from the Cooperation Agreement in financial year 2023-24 has been maintained.

### **Capital**

The capital budgets relevant to this Committee stands at £51.939m for financial year 2023-24. There have been no changes to these allocations as part of the Draft Budget 2023-24.

## **Annually Managed Expenditure – AME**

The AME budget for activity relevant to this Committee is £29m and provides cover for charges that are outside the control of the portfolio, such as impairments on the property portfolio, pension valuation fluctuations for National Museum of Wales, the National Library of Wales and Sport Wales. This budget is agreed with the Treasury each year and is fully funded. The AME draft Budget figures reflects the forecasts submitted to the Office for Budget Responsibility in August 2022.

Further detail on funding within Budget expenditure lines (relevant to this Committee) is outlined below.

Investing in our internal agencies, national organisations and local sectors is vital and recognises the importance of the arts, culture, sport and heritage for our wellbeing goals: a Wales of vibrant culture and thriving Welsh language; a healthier Wales and a Wales of cohesive communities. Investment in the long-term sustainability of our national organisations demonstrates our commitment to preserving our culture and heritage for future generations and our commitments for these organisations to better reflect the diverse communities across Wales. Decarbonisation is a priority for the budget decisions to achieve [Net Zero Wales](#) will enable the organisations to address environmental concerns, particularly CO2 emissions and energy efficiency. During the pandemic the organisations have adapted their offer to the public by making more of their collections available digitally and moved to offering educational and entertainment programmes online so that individuals and families could enjoy culture and heritage at home. The capital budgets will enable further investment in technology for recovery, wider access and preservation of the collections. The additional allocations from the Cooperation Agreement are particularly important in helping to drive forward these initiatives.

### **Internal agencies:**

The Creative Wales brand supports the international strategy in raising Wales' profile to the world, not only as a centre for creative excellence, but as a great place to visit and live. Creative and cultural investment is vital for regeneration across Wales and capital funding of £15m over three years will support productions and initiatives in both Welsh and English.

Significant development and conservation programmes are planned for our heritage sites with a Cadw budget of £30m over three years, including major development work at Caerphilly Castle.

### **National cultural organisations:**

In 2023-24 we will provide £78.216m revenue and £7,650m capital collectively to our four national culture bodies (the National Library of Wales, Amgueddfa Cymru-National Museum Wales, Arts Council of Wales, and Royal Commission on the Ancient and Historical Monuments of Wales) and the National Botanic Gardens of Wales. For capital, we have allocated £5m to Amgueddfa Cymru and £2m to the National Library of Wales to support the maintenance of their historic estates and small allocations to the other three bodies. We have also made awards for specific projects named in the Programme for Government, digitisation, and decarbonisation from the Support for Local and Culture allocations. These will be notified at the first Supplementary Budget.

### **Culture:**

The support for local culture and sport budget of £6.429m revenue and £21.5m capital in 23/24 will support the culture strategy and investment in theatres and museums and the wider culture sectors, including helping with cost-of-living pressures. This funding includes £2.8m revenue from the Cooperation Agreement and £21m capital from the Cooperation Agreement. This represents a significant investment in the local culture sectors. It makes provision for our Programme for Government commitments on racial equality and implementation of the Anti-racist Wales Action Plan, the four major strategic capital investments, provision for investments in developing our national culture bodies, and the development of and our local culture sectors, especially museums and collections. We envisage extending our Capital Transformation Grants scheme to include awards to support decarbonisation, digital initiatives, smaller scale investments to improve access to a wider range of organisations, and focusing on tackling inequalities, especially racial inequalities, and have agreed funding for Arts Council of Wales to support capital developments in theatres, concert halls and performance venues. We have confirmed £11.5m for the redevelopment of Theatr Clwyd in 23/24.

### **Sport:**

The £8m annual capital budget will provide a significant investment in community as well as elite sports facilities to provide modern and sustainable environments for sports participation, to nurture and develop talented athletes. It will also ensure Wales is well positioned to compete internationally and to help host international events, providing opportunities to promote Wales brand on the international stage in the future. £9m (£3m/annum) has been provided by the Cooperation

Agreement.

Culture, heritage, the creative industries, the historic environment, and sport are essential components of our national life and an integral part of our individual and collective mental and physical well-being. Museums, archives, libraries, arts and sports clubs, facilities and historic sites are the focal point for many communities throughout Wales. Almost all of our support for these sectors helps people to access and enjoy the best of Wales, enhancing quality of life, as well as our education, history, visitor economy and our place in the world. Culture is one of the Wellbeing of Future Generations Goals, and critical to the delivery of the six other goals, in what it can contribute towards wider life and the economy.

### **What we will do and how we will do it**

Our [Programme for Government 2021 – 2026](#) recognises the crucial role that these sectors deliver. See section 4.0 for more information.

To enable us to protect key areas, we have undertaken a reprioritisation exercise to release funding from within our existing plans and re-focus our limited resources in the areas of greatest need. This ensures every pound invested makes the greatest positive impact. We recognise in doing so, this will have negative impacts for those areas from which funding has been reprioritised.

The principles which originally underpinned the reprioritisation exercise were to deliver a balanced budget, protect frontline public services and protect the Programme for Government.

Using funding released from the reprioritisation exercise, together with positive changes to our overall settlement as a result of the Autumn Statement, we have targeted additional allocations towards protecting frontline public services and delivering our Programme for Government commitments, helping those affected by the cost-of-living crisis and supporting our economy through recessionary times.

The Programme for Government incorporates the Co-operation Agreement on culture. This includes an additional £27m revenue and £60m capital over three years of the agreement. We remain committed to engaging with the arts, culture and heritage sectors to develop a new culture strategy,

a priority explicitly set out in the Programme for Government update in December 2021 to reflect the Cooperation Agreement with Plaid Cymru. This will set the framework for our priorities going forward and how we will sustain and develop the sectors. We also remain committed to our ambitious cultural capital investment programme in the culture sectors, particularly the development of a National Contemporary Art Gallery, Football Museum and investment in Theatr Clwyd. We have appointed an overarching steering group and a lead partner to work with us on taking this work forward.

Investment is primarily delivered through our internal agencies (Cadw and Creative Wales) and five arm's length bodies (the National Library of Wales, Amgueddfa Cymru – National Museum Wales (7 museums), the Arts Council of Wales, Sport Wales and the Royal Commission on the Ancient and Historical Monuments of Wales). Cadw and the National Botanic Garden of Wales investment also deliver our heritage ambitions, alongside capital investment in local museums, archives, and libraries sector via our Capital Transformation Grant programme. Creative Wales leads on, and coordinates, activity and policy for the creative sectors. These organisations deliver on the cross-government priorities to support the delivery of key strategies including [Net Zero Wales](#), the Anti-racist Wales

Action Plan and [Cymraeg 2050](#). Each of the arm's length bodies are committed to carbon efficiency providing detailed sustainability reports in their annual accounts. An additional £11.75m is allocated to the five public bodies and Cadw via the Cooperation Agreement with an equitable grant in aid / funding uplift (excluding non-cash) to develop a new culture strategy, reflecting Wales' diversity, a thriving Welsh language, our arts, culture and heritage sectors and our duties under the Wellbeing of Future Generations Act. We will ensure the financial sustainability of national cultural institutions as we implement the strategy, and we will also develop the proposals for a national contemporary art gallery.

Cadw will complete the current major investment at Caernarfon and Caerphilly castles which will enhance the visitor experience and make the monuments more accessible. Further capital investment will also allow Cadw to continue its statutory responsibility to conserve and maintain the monuments in its care, keep them safe for people to visit and reduce the carbon footprint of its visitor centres.

Sport is an intrinsic part of our nation's identity. It brings our communities together and provides people with transferrable skills to enhance their learning and find a job or career. Through the many thousands of activities across Wales, sport also supports the growth of Welsh speaking communities by providing opportunities for people to use it on a daily basis as a living, modern language. We will continue to support our communities, clubs, and facilities to address the impact of the pandemic, to enhance our sense of identity, physical and mental well-being, and to ensure the sector adds value to our health and happiness. The spending plans for sport, maintained investment levels in the three-year capital budget, enabling the Welsh Government to continue to invest, through its delivery

partner, Sport Wales, in the people and places to provide inclusive and equal opportunities for people to lead healthy and active lives, and to realise their sporting potential.

The creative industries and culture sectors are well-placed to support the post COVID economic recovery, supporting roles among the most resistant to automation and increasingly in demand across the economy. According to 2021 data on the creative industries sectors aligned to Creative Wales' priorities, 3,423 businesses make up the creative industries sectors in Wales, an increase of 6.4% from 2018. 35,400 people were employed in these sectors, with the industry generating an annual turnover of £1.7billion in 2021, an increase of 14% from 2017.

We have a statutory responsibility to continue to support our national cultural sponsored bodies, as well as the local culture sectors, who all play a key role in delivering government priorities and Programme for Government commitments, resulting in better quality of life for so many of our population. Alongside our regular statutory obligations, we have asked these bodies to all prioritise improving access and tackling inequalities, decarbonisation and digital improvements over the next three years.

Capital investment is provided to the local museums, archives and libraries sector via our Capital Transformation Grant programme, and via the Arts Council of Wales to the arts sector, including theatres. We propose to extend and develop these schemes to address the range of Programme for Government commitments, enabling a greater range and diversity of applications and better alignment with Programme for Government priorities. We are revisiting these schemes to put decarbonisation and digital at the centre, to ensure that investments are sustainable and that they tackle inequalities, particularly race inequalities and disability discrimination.

## **The rationale for investing in culture, heritage, sport, and creative sectors**

The [Economic Resilience and Reconstruction Mission \(Mission\)](#), published in February 2021, established the fundamental recovery principles and direction for the economic policy of the previous administration. The Programme for Government includes a commitment to Progress that Mission and significant cultural commitments, recognising the important role of culture for well-being and providing employment opportunities. As the response to the pandemic testified, culture and heritage are central to what matters to people, what they enjoy doing, their mental wellbeing and physical health.

The culture, creative, sport and heritage sectors play a vital role in supporting the economy of Wales. They create jobs in the creative industries (media, journalism, and publishing), heritage, traditional building construction and repair, and the arts and cultural sectors. Our cultural attractions help sustain 11,500 businesses in the tourism industry and creative industries employ 35,400 people. They demonstrate strong economic benefits in terms of the visitor economy, regeneration and place-making and strong environmental benefits through decarbonisation and support for biodiversity and the natural environment.

Our culture, heritage, sport and creative industries are central to the Wales brand and promoting Wales in the UK and internationally. These sectors have faced significant

challenges both this year and last year as a result of the Coronavirus pandemic. The impact of these challenges will continue into the future as we aim to support our sectors in recovery. The Welsh Government's support measures, such as the Cultural Recovery Fund (CRF), Sport and Leisure Recovery Fund and the Economic Resilience Fund (ERF), clearly enabled our sectors to survive. However, further action is needed now, and over the course of the next few years, to help these vital sectors return to sustainable operation and contribute to Wales' recovery.

### **3.0 Response to Specific Information Requested by the Committee**

#### **3.1 Information on how the delivery of the Arts, Culture and Heritage portfolio and their associated outcomes are monitored and evaluated to demonstrate value for money.**

Key priorities for each arm's length bodies are set out in their remit letters, which they use as a basis for their operational plans and key performance indicators. The Deputy Minister meets at least biannually with all bodies, and officials formally monitor progress against these plans at quarterly monitoring meetings and more regularly through close working relationships with the senior executive teams at the arm's length bodies. At the invitation of the bodies, officials also attend Board meetings, allowing Welsh Government to maintain a good overview of potential issues. Monthly grant in aid claims are also scrutinised to ensure that progress is being achieved against specified lines of expenditure.

Cadw has its own internal agency board with non-executive members. It meets quarterly and part of its role is to scrutinise Cadw's performance against its business plan and financial reporting.

Each major project has governance related to the specific project. Major capital investments are supported by business cases which are scrutinised to ensure they are robust by the Welsh Government Treasury team and officials. Smaller capital and revenue grants and contracts are awarded based on either an open application process or a direct commission, and monitored by officials throughout the project life cycle, with agreed deliverables and check in points.

Major projects and activity are monitored using the Business Information Report Tool (BIRT). An Evidence Plan presents the research, evaluation and data collection projects that the Culture Division is either undertaking or committed to. It is updated yearly, based on discussions with staff and wider stakeholders, to ensure activity is supporting key divisional priorities and Programme for Government commitments.

#### **3.2 Details of specific policies or programmes within the relevant MEGs (relevant to Arts, Culture and Heritage) that are intended to be preventative and how the value for money and cost benefits of such programmes are evaluated.**

The Culture Strategy will set out which policies and programmes are intended to be preventative and ensure that the cost benefits of these programmes are considered. All proposals are considered to determine that they represent value for money.

Arts, culture, sport and heritage play an important role in tackling disadvantage and preventing poverty. Participating in cultural activities (such as volunteering at a museum or playing music) can boost skills, self-esteem, learning and aspiration, particularly in areas experiencing economic disadvantage.

## **Health and wellbeing**

The importance of culture on promoting positive wellbeing and physical health has been dramatically underlined by the pandemic, with culture and heritage providing an outlet for many during these difficult and uncertain times to individuals, households and communities. We are working with health colleagues to deliver the framework for Social Prescribing and with education colleagues on pilots about transforming the school day and support for children in responding to the pandemic, for example through the School Holiday Enrichment Programme and the Winter of Wellbeing activities. Funding for these activities is provided by the relevant ministerial budgets. Examples of projects that will be funded directly, include that we have commissioned a Welsh language version of the House of Memories App, which uses museum collections to support people with dementia, and extending the books on prescription offer. HARP - Health Arts Research People is one arts example of interventions to prevent ill-health, a collaboration with the NHS to develop new approaches to health, wellbeing and creativity.

Sport can be the nation's most effective preventative health tool but greater cross-sector prioritisation is needed to create the long-term sustainable shifts in participation. The Healthy and Active Fund and Healthy Weight: Healthy Wales Delivery Plan are two examples of success in this area. We will continue its support in the Healthy and Active Fund, supporting organisations who actively promote and enable healthy activity for population groups with little or no levels of physical activity in their lives. Sport Wales will also continue to invest funding and resource in the Welsh Government's 'Health Weight: Healthy Wales' delivery plan, including the delivery of the 60+ Active Leisure scheme.

## **The Fusion Programme**

The budget makes provision for continued support for the Fusion Programme in 2023-24 and its work in engaging with individuals and communities in areas of deprivation. Despite the difficulties presented during the pandemic, the Fusion programme has proved resourceful in finding new ways of engaging and encouraging cultural activities.

In 2022-23 we have commenced a review of the delivery model of the Fusion programme. In 2023-24 we will take forward the recommendations of this review.

The Fusion programme aims to tackle poverty and wellbeing issues through cultural activity and has continued to drive forward engagement with communities coming up with innovative and bespoke solutions to engage with individuals and communities, by using digital resources and providing packs of cultural information. The programme continues to provide a cultural lifeline for individuals and communities to improve the impacts of poverty, health and well-being.

## **Employment Opportunities**

The Economic Action Plan and the Employability Plan are underpinned by the evidence that well paid work is the best route out of poverty and the greatest protection against

poverty for those at risk. By supporting jobs and sustainable growth, particularly with Creative Wales investments and opportunities to work in the wider arts, culture and heritage sectors and taking action to try to alleviate some of the challenges faced by people when accessing jobs, we aim to reduce the likelihood of families experiencing poverty and avoid the long-term costs that poverty bring to society. We continue to create opportunities for individuals and families with initiatives and targeted investment across Wales.

### **3.3 Information on allocations (and their location) in your portfolio to provide for legislation which has the potential to impact in the financial year 2023-24 as relevant to Arts, Culture and Heritage.**

The Historic Environment (Wales) Bill was introduced into the Senedd in July. The Welsh Government has identified Wales' historic environment law as a suitable subject for one of its first projects in an ambitious programme to improve access to Welsh legislation. The Bill consolidates the main pieces of primary legislation for the historic environment. Although the structure and expression of the law may be different after consolidation, its legal effect will remain unchanged. There are no policy changes in the Bill. As a result, the financial implications of the Bill are transitional and minimal and made up of updating guidance, forms, websites and promoting awareness of the new bilingual legislation.

### **3.4 Implications of the ongoing effect of the COVID-19 pandemic, the UK exit from the EU and the cost-of-living crisis on the Arts, Culture, Heritage, Creative Industries and Sport portfolios and how the Welsh Government will manage ongoing impact.**

Cadw, Amgueddfa Cymru, the National Library, the National Botanic Garden of Wales and Arts Portfolio Wales organisations may be adversely affected from less visitors, particularly overseas visitors. This position will continue to be monitored closely. For example, the restrictions due to the pandemic have had a significant impact on the number of visitors and commercial income levels at Cadw sites over the last two years. However, there has been a strong recovery in these figures from the summer of 2021 onwards with a good tourism season in Wales, and we expect this to continue as long as there are no further significant restrictions. The delivery has been protected with additional Covid allocations. The local arts and culture sectors have benefitted from the Cultural Recovery Fund, and other sources of Covid relief funding including the Economic Resilience Fund and the furlough scheme. It is too early to assess the full impact of the pandemic on the cultural and arts sectors. The sector was amongst the last to re-open and the impact of the pandemic is likely to be felt for some time and until public confidence returns. We have seen reductions in visitors and volunteers.

The portfolio has greatly benefited over the years from EU funding for certain projects. For Cadw only limited European funding has been secured in very recent years; but more generally clarity is awaited from the UK Government about the degree to which baselines will be augmented to replace EU funding, and how arrangements for the Shared Prosperity Fund will work.

The UK Government announced in December 2020 that a replacement for the Creative Europe programme would not benefit from direct funding as part of the comprehensive spending review, the Culture element has not been supported directly however the

creative film and screen element has. Opportunities still remain to access a very limited fund via the Shared Prosperity Fund.

The Creative Europe programme has been superseded by the Global Screen Fund (GSF) which ran as a £7m pilot in 2021-22 under the Internal Market Act. While a small number of Welsh businesses have benefited from this programme, officials have consistently provided feedback to DCMS about the need for devolved nations to be more involved in the programme set up and delivery. Within the recent Spending Review a further £42m has been allocated to the creative industries over the next 3 years which includes the continuation of the GSF. Officials are continuing to liaise on the set up and delivery of this to ensure it has maximum impact for Wales. There has been no direct replacement to date for the Creative Europe cultural sub-programme and that the Welsh Government continues to engage with DCMS and other devolved nations to raise issues and identify options for support for the sector.

Sectors across the creative industries continue to be affected by increasing costs. This includes broadcasters and Film and TV productions concerned that increased costs and inflationary issues are adding to existing budget challenges and wider impacts on trainees on screen productions who are struggling with the cost of living. The music sector and publishing sectors are also being affected by increasing costs related to energy prices and the cost of materials

### **3.5 Information on allocations in your portfolio to deliver a new Culture Strategy for Wales**

£5m has been allocated over three years to support the development of a new Culture Strategy, including £1.2m in 22/23. This is in addition to the additional £11.75m to the five arm's length bodies and Cadw to support the strategy (£11.75m over three years).

Development of the new strategy is under way with delivery expected during 2023. The scope of the new culture strategy includes the arts, culture (museums, archives and libraries), and heritage, including the historic environment and intangible heritage. An Overarching Steering Group will monitor and challenge the development of the strategy. This is made up of nine external partners, representing some of the sectors in scope and some cross-cutting themes through their lived and professional experiences. The Means Ltd, with Arad Consulting and BOP Consulting, has also appointed as the lead external partner to work with Welsh Government on engagement and the development of the strategy.

For 2023/24 and 2024/25, the revenue allocations will be used to support the implementation of the recommendations within the new strategy, engagement and evaluation. These will be determined when the priorities of the Strategy are determined.

#### **Specific areas:**

##### **Cadw**

### **3.6 Allocations and commentary in respect of Cadw including revenue generation targets, and recent annual income generation figures.**

The commercial income figure for 2019-20, immediately prior to the pandemic, was £8m – a record for Cadw. Income has recovered strongly since restrictions were eased, to an actual figure for 2021-22 of £6.5m, and a forecast figure for this year of £9.2m.

Cadw is currently completing major work at Caernarfon castle, and major work is planned to start at Caerphilly castle aimed at increasing the number of visitors and therefore commercial income figures in the future. The capital budget of £10m per annum going forward will enable the completion of this work; together with significant investment and conservation work at other Cadw sites.

The additional revenue funding allocation will enable Cadw to meet inflationary pressures on pay and other costs, particularly utilities costs and the costs of maintain sites. There are some concerns about the impact which the cost-of-living crisis may have on visitor numbers and retail spend.

More broadly, Cadw is working for an accessible and well-protected historic environment for Wales. It looks after, and provides access for the public to, 130 monuments across Wales. Of these, 29 are staffed sites and the remainder are free open-access sites. Capital expenditure on the conservation of monuments also remains an important priority.

### 3.7 Allocations towards funding for owners of historic assets

*There are more than 30,000 listed buildings and 4,200 scheduled monuments in Wales, and the majority are in private ownership. Most of those owners conscientiously care for their properties, which constitute a precious legacy for present and future generations.*

*Cadw has published an extensive range of guidance and signposting to available grant funding which can be downloaded without charge from the Cadw website. My Cadw officials are always happy to provide advice on general queries relating to historic assets, but specific enquires relating to the management of listed buildings are the responsibility of the local planning authority. However, if proposed works or other matters raise difficult questions, my officials are happy to offer advice in pre-application discussions involving all parties.*

The listing of a building or the scheduling of a monument brings no entitlement to grant assistance. As with any building, the maintenance liability is a matter for the owner. However, Cadw does have grant schemes which are underpinned by the core objectives of our national strategy - *Prosperity for All*. Value for money judgements are made on the submission of costed estimates by the applicant, assessed by Cadw's Inspectors.

Cadw has the following capital grant schemes:

**Historic Buildings Capital Grants** - for the repair of listed buildings at risk or in a vulnerable condition; to safeguard their significance, enhance condition and support beneficial use. Priority is given to listed buildings in the heart of communities which have

the ability to provide access to heritage for a wide range of people and to deliver public benefits such as community use, enhance visual amenity, contribute to economic viability or stimulate regeneration opportunities.

**Historic Buildings Maintenance and Repair Grants** – for small scale maintenance and repairs necessary to keep historic community assets, such as village and community halls, institutes, libraries, war memorials and places of worship that are listed for their special architectural or historic interest and open for wider community use, in good order.

**Urgent Works for Buildings at Risk** – Grants for Local Authorities to meet the costs of preparing and serving Urgent Works Notices to secure the condition of at risk and vulnerable listed buildings.

**Ancient Monument Grants** - Ancient monuments can range from Neolithic burial chambers to Buildings of the industrial revolution. Many are vulnerable and we recognise that repair works may be costly or may not always be in the financial interests of the owner of the monument.

**Historic Parks and Gardens Grants** – to support the preparation and implementation of conservation management plans for registered historic parks and gardens in public or community ownership or which provide full public access and support wider community benefits.

### **3.8 Allocations and commentary in respect of the National Museum of Wales and the National Library of Wales, including any revenue generation targets.**

The National Library of Wales and Amgueddfa Cymru are both important and high-profile cultural organisations. They are pro-active in delivering Government priorities and engaging the people of Wales in cultural activities as well as important facilitators for projecting Welsh culture internationally.

All our arm's length bodies are experiencing increased costs for utilities and capital projects. This is particularly acute for those with the historic estates (Amgueddfa Cymru and the National Library) who have seen particularly large increases in costs. All bodies, including the Museum and the Library, are also receiving significant pressure for inflation plus pay rises. We have therefore made additional funding available for pay and inflationary pressures to support with cost-of-living inflationary pressures.

Both bodies will see an increase in their revenue grant in aid. For the next two financial years, we have made available additional time-limited and ring-fenced funding to support additional pressures relating to pay, the cost of living and utilities. Further additional funding will be provided to each of the Arms-Length Bodies to support the Co-Operation Agreement priorities, including financial sustainability. Whilst further pressures relating to inflation remains a concern during this period, this additional funding will help support the organisations in 2023-24 and 2024-25.

The Library does well in attracting charitable donations and bequests but finds the commercial income generation target challenging, with less on-site options for generating revenue when compared to the Museum with its shops and cafes across seven sites. The National Museum does not charge - free entry to the National Museum of Wales sites remains a Government commitment. This is an important policy in terms of removing barriers to participation in cultural activities for people from disadvantaged backgrounds and/or those on low incomes. It encourages repeat visits and community use of our

National Museum of Wales sites and facilities. The Museum is considering how best to fund its activities especially in light of cost-of-living pressures.

The National Library will receive £2m capital in 2023/24 for critical maintenance, a slight reduction on this year given previous commitments. Further additional funding from the Support for Local Culture and Sport BEL 6170 will enable digitisation and decarbonisation projects.

The National Museum will receive £5m capital in 2023/24 for maintenance, help address the challenges of operating in historic buildings, the need to keep our national collections safe, and the requirement to provide continued and safe public access whilst maintenance work is ongoing, plus a further allocation from the Local Culture and Sport BEL to enable decarbonisation. Information will be available at the First Supplementary Budget.

### **Royal Commission for Ancient and Historic Monuments of Wales**

The Commission has a leading national role in developing an appreciation of Wales' archaeological, built, and maritime environment. The Commission cares for a vast and unique collection of photographs, maps, images, publications, and reports supported by a team of expert staff and provides high quality digital content, services and resources which is easily accessible to national and international audiences. In 2023/24 the Royal Commission will have increased revenue of £60k to reflect an additional allocation for cost-of-living pressures. In 2023/24, we have reconfirmed our capital allocation of £0.05m plus a further award from the from the Support for Local Culture and Sport BEL 6170.

### **3.9 Allocations and commentary in respect of the Libraries, Archives and Museums Strategies.**

The Draft Budget total allocations for Support for Local Culture and Sport are revenue £6.429m and capital £21.5m capital, excluding support for the ALBs and the National Botanic Gardens of Wales specified in the respective BEL lines. In 23/24 this includes additional funding for local independent sector museums and community libraries to support with cost-of-living pressures.

We have provided an update above in relation to the Culture Strategy. This will be central to investment in our local culture sectors going forward.

We intend to extend our Capital Transformation Grants programme to fund a greater range and value of projects, including digital projects, to support decarbonisation and those to promote equalities. Funding for this is included within the Local Culture and Sport budget.

### **3.10 Funding allocated to take forward recommendations in the Review of Local Museums**

Consideration of the recommendations from the [Expert Review of Local Museum Provision in Wales-2015](#) will be included within the culture strategy. This will take on board the fact that the environment in which local museums now work has changed significantly since the Review's publication.

The viability of the Review's key recommendations hinged on implementation of the creation of three regional bodies. This remains a decision for local authorities across

Wales. The Welsh Government explored the recommendation further via the feasibility study 'To Create and Run a Regional Museum Structure', completed in summer 2019. Both the original Review and this feasibility study recognised that the recommendations had significant cost implications and since 2015 the creation of regional bodies was not deemed a priority by local authorities.

### **3.11 Allocations and commentary in respect of the Arts Council of Wales**

The Arts Council of Wales is an important and high-profile cultural organisation. Under the arm's length funding principle, our primary investment in the arts in Wales is channelled through the Arts Council of Wales.

In 2023/24 additional time-limited and ring-fenced funding has been allocated to support cost of living pressures and Cooperation Agreement commitments. The cost of living increase of £6m enables support with a pay award for staff plus a contribution to funded organisations. We have made an allocation towards capital maintenance in theatres, concert halls and performance venues from BEL 6170 as well as for the National Contemporary Art Gallery. Funding to support the redevelopment of Theatr Clwyd will also be made through ACW.

### **3.12 Allocations and commentary in respect of funding to promote access to the arts**

Working with the Arts Council of Wales we will continue to support and promote the vital contribution that the arts make to Wales, to foster an environment in which the arts are able to flourish – an environment which identifies and nurtures creative talent, wherever it is found in Wales, to its full potential. Specific priorities for the year include promoting equalities as the foundation of a clear commitment to reach more widely and deeply into all communities across Wales and strengthening the capability and resilience of the sector, enabling creative talent to thrive.

Increasing and diversifying levels of access and participation in the arts continues to be a priority in the Government's Remit letter to the Arts Council of Wales. The Arts Council of Wales uses the majority of its grant-in-aid to core fund strategic arts organisations, and we expect them to continue to prioritise access and engagement work. The Arts Council of Wales have set out 'equity, diversity and inclusion' as a key priority for the ongoing Investment Review, which following a consultation process this year, opens for applications in January 2023.

Our investment in major culture capital projects, especially Theatr Clwyd and the National Contemporary Art Gallery is designed to tackle inequalities and provide better access, including particularly in North and Mid Wales.

### **3.13 Allocations and commentary in respect of funding aimed at using arts and culture to tackle poverty.**

The Arts Council of Wales is a key strategic partner in the Fusion programme, supporting organisations to participate by providing practical advice and brokering introductions between Fusion partners and artists/arts organisations in their areas.

Subject to the outcome of the independent review of Fusion, we are proposing an uplift to enable an extension of the programme to all local authorities who wish to participate.

### **3.14 Allocations and commentary in respect of funding aimed at encouraging/enabling arts organisations to generate more of their own income.**

The Arts Council of Wales offer the opportunity for any organisation to apply for business development funding via the Create programme which is open year-round. These types of applications often focus on how an organisation operates and connected to that, how its financial model works and can be improved.

All our grant applications ask for a budget, and this is reviewed as part of the process. Nearly all applications require the organisation to raise a proportion of its own funding, and this also forms part of the decision-making process.

In addition, the Welsh Government will continue to support Arts and Business Cymru, as it provides a vital link between business and the arts, generating funds to support artists. Support for the programme will be reviewed once The Arts Council of Wales investment review has completed.

## **Creative Wales - Media and broadcasting**

### **3.15 Allocations and commentary in respect of Creative Wales (including funding to be distributed by Creative Wales).**

The Draft Budget total allocations over three years for Creative Wales are revenue £21.364m and capital £15m (including the Books Council of Wales). In 2022-23 Creative Wales total budget allocation is - £7,038m revenue & £5m capital (£12,038m).

The focus of our investment is on the priority sectors of screen (Film & TV), music, digital and publishing alongside the broadcasting and journalism commitments set out in the Co-operation Agreement.

We launched our new production funding model in May this year. The aim of the scheme is to support the growth of Wales as a destination for the production of world class content. The funding supports Wales-based production and games development companies who are looking to develop productions intended for international audiences and also for those productions from outside of Wales that are seeking to film in Wales. The new scheme has many similarities to the previous funding provided under the 'Wales Screen Fund' but as well as supporting TV and Film production, it also now supports computer games.

With the growth in productions looking to film in Wales we also have a strategic priority to invest in our studio infrastructure. Creative Wales has recently invested in Aria Studios in Anglesey. The new facility, run by the team behind Rondo Media, has two acoustic stages totalling 20,000sqft and is the only facility of its type in the region. One of the studios is home to the long running S4C drama series Rownd a Rownd. This facility, whilst smaller than the high-profile studios in South Wales, is perfectly equipped and will provide an excellent base for productions wishing to film across North Wales. The studio is due to open within the coming weeks.

We continue to provide funding to support the commercial music sector, with £524,203 in capital funding to support venues, recording studios and rehearsal rooms. We have also provided £149k in revenue funding to support music labels and music management businesses.

The additional funding for broadcasting and media will support action to strengthen the media in Wales and explore the creation of a shadow Broadcasting and Communications Authority, as set out in the Co-operation Agreement with Plaid Cymru. Further work is required to agree the how additional funding will be spent, but its aim will be to support a plurality of media and access to effective, accurate and relevant content for Welsh citizens across media platforms in the Welsh and English language. We will seek input on our use of the additional investment from the Wales Public Interest Journalism Working Group and use learning from the pilot fund delivered in 2022-23 to provide recommendations to Ministers on how additional funding should be allocated.

Support for skills and talent development in the creative industries is a *Programme for Government* commitment and Creative Wales is committed to supporting and nurturing both the current and future workforce

An industry led Creative Skills Advisory Panel advised upon a three-year Creative Skills Action Plan for the music, digital content and screen sectors in Wales and identified 10 priorities:

- Business and leadership Training

- Talent Support
- Improve Diverse and Inclusive Recruitment
- Entry Level Placements and Opportunities
- Upskilling Placements and Opportunities
- Education and the New Curriculum
- Careers Awareness
- Innovation
- Bridging the Gap Between FE/HE and Industry
- Wellbeing of the Workforce and Support for Freelancers

An £800,000 Creative Skills Fund was launched alongside the Plan on 21 September 2022 with the aim of supporting projects which deliver against the 10 skills priorities highlighted with the Action Plan. Both the Fund and the Action Plan deliver against the Programme for Government commitment to establish a Creative Skills Body. The Creative Skills Fund Call for Funding closed on 7 November 2022 with 45 applications submitted. These are currently being appraised.

Diversity and inclusivity is embedded in activity and the Creative Wales Non-Executive Board have set this as their number one priority. Creative Wales' ambitions for a more diverse and inclusive creative industries sector in Wales clearly align to the Programme for Government's commitments to maximise fairness for all, eliminate equality and to celebrate diversity. We will support delivery of the vision set out in the Anti-Racism Wales Action Plan. We want more equal outcomes for protected characteristic groups, including Black, Asian and minority ethnic people. Creative Wales will deliver against a number of the goals and actions set out in the document.

When Creative Wales provides Welsh Government funding for productions, events and awards, we ensure that the companies and organisations promote the Welsh Government and Creative Wales in their marketing and communications activities.

### **3.16 An update on plans to provide further support to English-language journalism “similar to the Welsh language model”.**

In 2021/22 independent community journalism was supported through a £100,000 award to PING! News to deliver the Wales Public Interest Journalism Fund. This has delivered into 2022/23 and, to date, the fund has supported seven publications from across Wales to increase the provision of locally relevant public interest news and promote growth in the Welsh community news sector.

Decisions on the journalism budget will be taken in response to learning from funding delivered in 2022/23, and in considering the recommendations of the Wales Public Interest Journalism Working Group which will be received early in 2023.

### **3.17 Allocations and commentary in respect of any funding for the media and broadcasting.**

In 2022-23 a total of £3,960m was awarded to the Books Council of Wales to support the publishing sector in Wales. This included revenue funding for the Digital Welsh-language News Service and in addition a further £135,000 through the Co-operation Agreement budget to support Welsh language magazines. In 2023-24 an annual budget of £3,960m

has been set aside for the continued funding of Books Council of Wales initiatives, including the Digital Welsh-language News Service. We will continue to use the Memorandums of Understanding with the BBC and S4C to guide co-commissions and support increased partnership working on broadcasting issues and funding opportunities for Welsh organisations. Additional allocations include the funding for media and broadcasting made available from the Co-operation Agreement. The ongoing work of the Wales Public Interest Journalism Working Group will provide an important mechanism for identifying further opportunities to support the sector through this funding.

**3.18 Details of spend from the Independent Community Journalism Fund, including how these funding decisions were made, and what outcome they are intended to achieve.**

The Independent Community Journalism Fund has closed, and no funding has been provided in the financial year 2022-23. The Fund was open to applications between April 2019 and March 2020, and emergency COVID-19 funding was provided to cover the period April 2020 to October 2020.

**3.19 Allocations and commentary in respect of broadcasting and communications actions in the Cooperation Agreement, and what they are intended to achieve.**

In 2022-23 a total of £1.035m has been committed to support delivery of the broadcasting and journalism commitments in the Co-operation Agreement, as follows:

<b>Activity</b>	<b>Funding</b>
Expert panel research programme	£50,000
Support for the development of the AM platform	£170,000
Additional support for the Wales Public Interest Journalism Fund and targeted journalism projects	£200,000
Additional support for Welsh language magazines through the Books Council of Wales	£135,000
Funding for Welsh language film development through Ffilm Cymru	£180,000
Funding to deliver a Young Audiences Content (YAC) fund for Wales	£300,000

In 2023-24 an annual budget of £1m for broadcasting and £100,000 for journalism has been set aside, as set out in the Co-operation Agreement budget. The broadcasting budget will support the ongoing activity of the Expert Panel on the Establishment of a Shadow Broadcasting and Communications Authority for Wales, including ongoing research activity and spend aligned to its recommendations which will be received in 2023. Decisions on the journalism budget will be taken in response to learning from funding delivered in 2022/23, and in considering the recommendations of Wales Public Interest Journalism Working Group which will be received early in 2023. Funding is intended to support the development of recommendations to support improvements in the broadcasting and communications framework in Wales, to close the information deficit and develop existing and new enterprises to improve Welsh journalism and support Welsh-based media.

## **Support for film and television production**

### **3.20 The latest revenue and projected revenue figures, and occupancy rates for Pinewood Studios/Seren Stiwdios since the commencement of the Management Services Agreement in November 2017.**

The Great Point lease for Seren Stiwdios commenced 1<sup>st</sup> October 2020, and to date we have received:

01.10.20 – 30.09.21 -	£319,000
01.10.21 – 30.09.22 -	£478,000
01.10-22 to present	£638,000

The tenant is liable for all expenditure on site. The studio has hosted 2 major productions to date, HAVOC for Netflix and Black Cake for Hulu (which is still currently filming).

### **3.21 The latest figures for the Media Investment Budget, including total investment, return on investment and Welsh spend (broken down by project).**

To confirm, the total recouped in 2022/2023 is £981,471.70 via the Media Investment Budget which was a commercial investment fund for TV and film. The fund is now closed and has been for several years.

Welsh Government is continuing with discussions regarding legal action in order to recoup investment made to Trampires.

A summary of the Media Investment Budget is included at **Annex C**

### **3.22 The latest figures for the Wales Screen Fund including total investment and Welsh spend (broken down by project).**

Since Creative Wales was established in January 2020, £14.5m of production funding has been successfully awarded to 24 projects generating over £158.8m of production spend into the Welsh Economy.

There have been 231 paid trainee placements on Welsh Government funded productions since January 2020.

A list of the projects is provided at **Annex D**.

### **3.23 The latest figures regarding the Welsh Government's loan to Bad Wolf Studios including total repayments and Welsh spend (benchmarked against Welsh Government targets).**

The total investment value in Bad Wolf is £20.447m (with £2.1m yet to be drawn down). At November 2021 actual Welsh spend is £133.496m against original target of £133m. Total interest due on the loan arrangement is £1.064m with repayments commencing in 2020-21. **Bad wolf have repaid £463,327 of the interest loan and have a balance of £600,610**

The latest financial detail is provided at **Annex E**.

### **3.24 A description of the strategy and targets for investments in screen productions made by Creative Wales, and how these differ from investments made from the Media Investment Budget and Wales Screen Fund.**

We launched our new production funding model in May this year. The aim of the scheme is to support the growth of Wales as a destination for the production of world class content. The funding supports Wales-based production and games development companies who are looking to develop productions intended for international audiences and also for those productions from outside of Wales that are seeking to film in Wales. The new scheme has many similarities to the previous funding provided under the 'Wales Screen Fund' but as well as supporting TV and Film production, it also now supports Games. Whilst one of the main outputs continues to be the impact on the Welsh economy through spend on crew, facilities, locations etc, the fund also seeks to maximise the amount of training and skills development opportunities available on funded productions. The fund prioritises content that shows the best of Wales in culture, language and geography, but also prioritises the development of a sector that provides equal and diverse opportunities for a long term, skilled employment base and one that looks after the wellbeing of existing staff. All investment provided under the production fund is grant. Maximum investment is up to £750,000 and further details can be found on the Creative Wales website.

Also, in July this year, Welsh Government entered into an agreement with Ffilm Cymru to administer the grant funding for feature films on our behalf. Up to £1m per annum is available over an initial two year period for independent feature film with Welsh talent at its heart. This new arrangement creates a more beneficial and streamlined funding model for film producers where a single application process provides access to Arts Council of Wales Lottery funding and Welsh Government funding in one place. A maximum of £600k is available per film (£400k from Creative Wales and £200k from Lottery Funds), subject to Welsh spend, talent and sectoral development benefits.

The Media Investment Budget was a commercial investment fund for TV and Film. The fund is now closed and has been for several years.

The Wales Screen Fund was the name of the state aid notification under which investments in TV and Film productions were made. The investment operated on a similar

basis to the new production funding model, but the main driver was the economic benefit of the production, measured in the amount of spend on Wales based good and services.

#### **4.0 Programme for Government commitments**

##### **4.1 Ensuring that Black, Asian, and Minority Ethnic histories are properly reflected throughout our cultural and heritage sectors including in National Museums [and Ensure the history and culture of our Black, Asian, and Minority Ethnic communities are properly represented by investing further in our cultural sector and museum network”];**

The Culture, Heritage and Sport commitments in the Anti-Racist Wales Action Plan, and associated specific Programme for Government commitments aim to make a measurable difference to the lives of Black, Asian and Minority Ethnic people by tackling systematic and institutional racism. To achieve this, we have committed capital and revenue funding of a total of just over £5m over three years to support our national, local, regional and grassroots cultural, heritage and sport organisations, including £2.5m in 23/24. Included in the total allocation is a contribution of just over £1.2 million from the Cooperation agreement budget to support this work.

The Culture, Heritage and Sport commitments in the Anti-Racist Wales Action Plan, and associated specific Programme for Government commitments aim to make a measurable difference to the lives of Black, Asian and Minority Ethnic people by tackling systematic and institutional racism.

##### **4.2 Creating a Creative Industry Research and Development Fund**

Creative Wales have not specifically designed a new R&D fund. R&D was included as a key priority area as part of the development funding programme. 2021/22 Development funds have been fully allocated for delivery throughout 2021/22 and 22/23 to the value of £1.1m to 51 creative companies.

The £50m media.cymru programme is funded through £22m from UK Research and Innovation’s (UKRI) flagship Strength in Places Fund, £3m from Cardiff Capital Region, £0.5m from Welsh Government, through Creative Wales, and £23m match funding from industry and university partners. The Media Cymru programme, supported by Creative Wales, includes a work package to deliver a Wales wide R&D fund for the Creative Industries. This will be delivered between 2022 and 2026 and £100,000 profiled for 22/23 FY.

A pioneering sustainable research project for the screen industry run by the BFI and BAFTA Albert has been secured to Wales, following a successful bid from Creative Wales with delivery partners Ffilm Cymru and Clwstwr

### **4.3 Establishing a National Music Service**

The Minister for Education and the Welsh Language is investing from the current financial year up to 2024-25, an extra £3m per annum to support the Programme for Government commitment to establish a national music service. This additional investment takes the funding support to establish the Service to £4.5m per annum, from the Education and Welsh Language MEG.

The National Music Service links directly with the Curriculum for Wales, with the aim of ensuring that learners can access and engage in enhanced opportunities for music tuition and experiences. Key features for the Service are to support delivery of music education for learners in schools and settings, through such programme strands as 'First Experiences' and 'Music'.

### **4.4 Investing in Theatr Clwyd**

Investments in our major culture capital projects is subject to consideration of full business cases. Indicative funding is included within the Support for local culture and sport budget.

The redevelopment of Theatr Clwyd is a programme for government commitment. We have agreed subject to consideration of the Full Business Case, a total of £26.5m (2021/22-24/25), including £23.5m from the Cooperation Agreement towards this project, which will be administered by the Arts Council of Wales, and including £11.5m in 2023/24. This reflects the inflationary cost pressures associated with the development and a change to the profile of spend to more accurately reflect the development timetable.

### **4.5 Establishing a Football Museum for Wales**

We have awarded £0.604m with £0.313m in the 2022/23 financial year. Funding in 2023/24 is subject to an updated version of the Outline Business Case, which is currently being considered, with more detail on the proposals and costings for the project.

### **4.6 Establishing a National Contemporary Art Gallery**

The establishment of a National Contemporary Art Gallery is a priority within the Cooperation Agreement. The feasibility study carried out by the Rural Office for Architecture in partnership with the Arts Council of Wales and Amgueddfa Cymru suggested that a dispersed model with 8-10 sites offering local access to bespoke or touring collections would be the preferred delivery model for the dispersed model of the National Contemporary Art Gallery.

In total we have committed £1.939m since 2019-20 including digitisation costs. Funding for 23/24 is subject to the outline business case which is currently being considered.

Progress continues on developing a number of elements within the model. Work to digitise the collection held by Amgueddfa Cymru is progressing well with the digitisation process to

be completed in 2022/23. These digital assets have been used in a number of innovative ways during the pandemic to increase access to the collection, for example online articles and a participatory website where people can curate their own 'top 100' collections and NHS staff selecting items to be reproduced in large formats for display in field hospitals and vaccination centres. A new website is being developed to allow participating sites to create their own collections.

The dispersed model will allow greater access to the national collection and contemporary art by communities across Wales in a far more equitable way. Discussions have been taking place with a number of galleries to potentially be involved in the dispersed model. However, further assessment work will need to be undertaken with any such potential galleries to fully understand costs and constraints before the final list of participating galleries is agreed.

We are exploring possibilities for an anchor site. A request for candidate sites was issued to public sector estate managers. Shortlisted venues have recently been notified and asked to develop their proposals

Paper 08a - Annex A - Overview of Culture and Heritage Finances

Annex A - Overview of Culture and Heritage Finances

ECONOMY										
RESOURCE										
Budget Expenditure Line	2021-22 Final Outturn	2022- 23 1st Supp Budget	2022-23 Forecast outturn Period 7	2022-23 Final Budget Mar-22	2023-24 Indicative Final Budget Mar-22	Change	2023-24 Draft Budget Dec-22	2024-25 Indicative Final Budget Mar-22	Change	2024-25 Indicative Draft Budget Dec-22
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Arts Council of Wales	44,230	32285	32,353	32,408	33,023	282	33,305	34,139	-149	33,990
Arts Council of Wales - Non cash	54	260	260	119	119	0	119	119	0	119
Amgueddfa Cymru - National Museums of Wales	25,131	25,086	26,973	25,086	25,573	1,302	26,875	26,543	1,606	28,149
Amgueddfa Cymru - National Museums of Wales - Non cash	2,361	2400	2,400	2,400	2,400	0	2,400	2,400	0	2,400
National Library of Wales	11,592	11060	11,927	11,060	11,270	549	11,819	11,651	700	12,351
National Library of Wales - Non cash	1,575	1250	1,250	1,250	1,250	0	1,250	1,250	0	1,250
Support for Local Culture and Sport	31,935	5217	4,717	5,217	6,167	262	6,429	8,567	16	8,583
Creative Wales	12,489	7038	9,338	7,038	7,138	-19	7,119	7,188	-19	7,169
<b>Action: Support for Culture and the Arts</b>	<b>129,367</b>	<b>84,596</b>	<b>89,218</b>	<b>84,578</b>	<b>86,940</b>	<b>2,376</b>	<b>89,316</b>	<b>91,857</b>	<b>2,154</b>	<b>94,011</b>
Cadw	10,135	8299	8,579	8,301	8,503	703	9,206	8,880	633	9,513
Cadw - Non cash	3,953	5482	5,482	5,480	5,480	0	5,480	5,480	0	5,480
National Botanic Garden of Wales	545	594	594	594	594	-7	587	594	-7	587
Royal Commission on the Ancient and Historical Monuments for Wales	1,605	1559	1,589	1,654	1,685	42	1,727	1,741	74	1,815

ECONOMY										
RESOURCE										
Budget Expenditure Line	2021-22 Final Outturn	2022- 23 1st Supp Budget	2022-23 Forecast outturn Period 7	2022-23 Final Budget Mar-22	2023-24 Indicative Final Budget Mar-22	Change	2023-24 Draft Budget Dec-22	2024-25 Indicative Final Budget Mar-22	Change	2024-25 Indicative Draft Budget Dec-22
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Royal Commission on the Ancient and Historical Monuments for Wales - Non cash	33	229	229	134	134	0	134	134	0	134
<b>Action: Support the Historic Environment</b>	<b>16,271</b>	<b>16,163</b>	<b>16,473</b>	<b>16,163</b>	<b>16,396</b>	<b>738</b>	<b>17,134</b>	<b>16,829</b>	<b>700</b>	<b>17,529</b>
Sport Wales	26,564	21963	22,144	21,967	22,533	504	23,037	23,289	122	23,411
Sport Wales - Non Cash	607	783	783	779	779	0	779	779	0	779
<b>Action: Sports and Physical Activity</b>	<b>27,171</b>	<b>22,746</b>	<b>22,927</b>	<b>22,746</b>	<b>23,312</b>	<b>504</b>	<b>23,816</b>	<b>24,068</b>	<b>122</b>	<b>24,190</b>
<b>Total Culture, Arts and Sports Budgets</b>	<b>172,809</b>	<b>123,505</b>	<b>128,618</b>	<b>123,487</b>	<b>126,648</b>	<b>3,618</b>	<b>130,266</b>	<b>132,754</b>	<b>2,976</b>	<b>135,730</b>

ECONOMY										
CAPITAL										
Budget Expenditure Line	2021-22 Final Outturn	2022-23 1st Supp Budget	2022-23 Forecast outturn as at Period 7	2022-23 Final Budget Mar-22	2023-24 Indicative Final Budget Mar-22	Change	2023-24 Draft Budget Dec-22	2024-25 Indicative Final Budget Mar-22	Change	2024-25 Indicative Draft Budget Dec-22
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Arts Council of Wales	1583	400	400	400	400	0	400	400	0	400
Amgueddfa Cymru - National Museums of Wales	6,274	4,500	4,500	4,500	5,000	0	5,000	5,000	0	5,000
National Library of Wales	4,101	2,500	3,000	2,500	2,000	0	2,000	2,000	0	2,000
Support for Local Culture and Sport	2,011	11,700	9,600	11,700	21,500	0	21,500	24,700	0	24,700
Creative Wales	16,048	5,000	5,458	5,000	5,000	0	5,000	5,000	0	5,000

ECONOMY										
CAPITAL										
Budget Expenditure Line	2021-22 Final Outturn	2022-23 1st Supp Budget	2022-23 Forecast outturn as at Period 7	2022-23 Final Budget Mar-22	2023-24 Indicative Final Budget Mar-22	Change	2023-24 Draft Budget Dec-22	2024-25 Indicative Final Budget Mar-22	Change	2024-25 Indicative Draft Budget Dec-22
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Action: Support for Culture and the Arts</b>	<b>30,017</b>	<b>24,100</b>	<b>22,958</b>	<b>24,100</b>	<b>33,900</b>	<b>0</b>	<b>33,900</b>	<b>37,100</b>	<b>0</b>	<b>37,100</b>
Cadw	8,745	10,000	11,000	10,000	10,000	0	10,000	10,000	0	10,000
National Botanic Garden of Wales	1725	1200	1200	1,200	200	0	200	200	0	200
Royal Commission on the Ancient and Historical Monuments for Wales	7	50	50	50	50	0	50	50	0	50
<b>Action: Support the Historic Environment</b>	<b>10,477</b>	<b>11,250</b>	<b>12,250</b>	<b>11,250</b>	<b>10,250</b>	<b>0</b>	<b>10,250</b>	<b>10,250</b>	<b>0</b>	<b>10,250</b>
Sport Wales	12,786	8,001	10,001	8,001	8,016	0	8,016	8,016	0	8,016
Sports Capital Loans Scheme	17,762	-1227	-1227	-227	-227	0	-227	-231	0	-231
<b>Action: Sports and Physical Activity</b>	<b>30,548</b>	<b>6,774</b>	<b>8,774</b>	<b>7,774</b>	<b>7,789</b>	<b>0</b>	<b>7,789</b>	<b>7,785</b>	<b>0</b>	<b>7,785</b>
<b>Total Culture Arts and Sports Budgets</b>	<b>71,042</b>	<b>42,124</b>	<b>43,982</b>	<b>43,124</b>	<b>51,939</b>	<b>0</b>	<b>51,939</b>	<b>55,135</b>	<b>0</b>	<b>55,135</b>
<b>Total Resource and Capital</b>	<b>243,851</b>	<b>165,629</b>	<b>172,600</b>	<b>166,611</b>	<b>178,587</b>	<b>3,618</b>	<b>182,205</b>	<b>187,889</b>	<b>2,976</b>	<b>190,865</b>

ECONOMY								
AME - RESOURCE								
Budget Expenditure Line for Sponsored Bodies Pensions		2022-23 Final Budget March 2022	2023-24 Indicative Final Budget March 2022	Changes	2023-24 Draft Budget December 2022	2024-25 Indicative Final Budget March 2022	Changes	2024-25 Indicative Draft Budget December 2022
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
Amgueddfa Cymru - National Museums of Wales Pension Provision – AME		9,000	9,000	6,000	15,000	9,000	6,000	15,000
National Library of Wales Pension Provision - AME		5,000	5,000	4,000	9,000	5,000	4,000	9,000
<b>Action:</b>	<b>Museums and Libraries Pensions</b>	<b>14,000</b>	<b>14,000</b>	<b>10,000</b>	<b>24,000</b>	<b>14,000</b>	<b>10,000</b>	<b>24,000</b>
Sport Wales Pension Provision – AME		2,000	2,000	3,000	5,000	2,000	3,000	5,000
<b>Action:</b>	<b>Sports and Physical Activity</b>	<b>2,000</b>	<b>2,000</b>	<b>3,000</b>	<b>5,000</b>	<b>2,000</b>	<b>3,000</b>	<b>5,000</b>
<b>Total</b>	<b>Culture, Arts and Sports Budgets</b>	16,000	16,000	13,000	29,000	16,000	13,000	29,000

## **ANNEX B - Action level commentary**

### **Resource**

#### ***Support for Culture and the Arts Action***

- There has been a net increase to the Action of £2.376m from the indicative final budget 2023-24. The total funding per annum is at £89.316m in 2023-24 and £94.011m in 2024-25. The net increase relates to additional allocation to our sponsored bodies to support pay and inflationary costs as a result of the increased costs associated with the cost of living crisis.

#### ***Support for the Historic Environment Action***

- There has been a net increase to the Action of £0.738m from the indicative final budget 2023-24. The total funding per annum is at £17.134m in 2023-24 and £17.529m in 2024-25. The net increase relates to additional allocation to our sponsored bodies to support pay and inflationary costs as a result of the increased costs associated with the cost of living crisis.

#### ***Sports and physical activity Action***

- There has been a net increase to the Action of £0.504m from the indicative final budget 2023-24. The total funding per annum is at £23.816m in 2023-24 and £24.190m in 2024-25. The net increase relates to additional allocation to our sponsored bodies to support pay and inflationary costs as a result of the increased costs associated with the cost of living crisis.

## **Capital**

### ***Support for Culture and the Arts Action***

- There has been no change to the Action from the indicative final budget 2023-24. The total funding per annum is maintained at £33.9m in 2023-24 and £37.1m in 2024-25.

### ***Support the Historic Environment Action***

- There has been no change to the Action from the indicative final budget 2023-24. The total funding per annum is maintained at £10.25m in 2023-24 and £10.25m in 2024-25.

### ***Sports and Physical Activity Action***

- There has been no change to the Action from the indicative final budget 2023-24. The total funding per annum is maintained at
- £7.789m in 2023-24 and £7.785m in 2024-25.

Paper 08c - Annex C - Projects funded by the Media Investment Budget (28 November 2022)

Annex C - PROJECTS FUNDED BY THE MEDIA INVESTMENT BUDGET (28 November 2022)

Project	Investment Value £m	Nov 22 Amount recouped	Net Gain/ Loss to date Nov 22	Targeted Welsh spend £m	Welsh spend to date £m
<b>Under Pinewood Management</b>					
Take Down	3.144	£1.120	-£2.024	1	1.089
Their Finest	2	£2.050	£0.050	1.3	1.618
The Collection	<a href="#">1.75</a>	£0.559	-£1.191	5.5	5.187
Show Dogs	<a href="#">1.566</a>	0	-£1.566	4.737	4.338
Journey's End	0.85	0.631	-£0.219	1.5	0.903
<a href="#">Don't Knock Twice</a> [3]	0.63	£0.656	£0.026	0.63	0.641
Minotaur	0.026	0	-£0.026		<a href="#">N/A</a> [4]
Lionel the First	0.025	0	-£0.025	N/A	<a href="#">N/A</a> [5]
<b>Total</b>	<b>9.991</b>	<b>£5.016</b>	<b>-£4.974</b>	<b>14.667</b>	<b>13.776</b>
<b>Under Welsh Government Management</b>					
<a href="#">Trampires</a> [6]	2	0	-2	1.6	1.621
Eternal Beauty	1.05	£0.880	-0.170	1.214	1.255
Bang	0.35	0	-0.350	1.5	2.562
Tiny Rebel	0.318	0.03	-0.288	0.25	0.26
Goose Green	0.025	0	-0.025	N/A	<a href="#">N/A</a> [7]
Almost Never (formerly True Believers)	0.622	0	-0.622	2.118	2.118
Six Minutes To Midnight	0.75	£0.638	-0.112	3.88	3.52
<b>Total</b>	<b>5.115</b>	<b>1.547</b>	<b>-3.568</b>	<b>10.562</b>	<b>11.336</b>
<b>Overall Total</b>	<b>15.106</b>	<b>£6.564</b>	<b>-£8.542</b>	<b>25.229</b>	<b>25.112</b>

Paper 08d - Annex D - Welsh Screen Fund investment (11 November 2020)

**Annex D - WELSH SCREEN FUND INVESTMENT (11 November 2020)**

<b>Financial Year of Offer</b>	<b>Name of Production Company (SPV)</b>	<b>Production Title (Wales Screen Fund)</b>	<b>Value of Offer £m</b>	<b>Anticipated Spend £m</b>
2012/13	Tonto Films and Television Ltd	Da Vinci's Demons Series 1	0.495	3.823
2012/13	Urban Myth Films	Atlantis Series 1	0.25	4.026
2012/13	Pesky Productions Ltd (Boj & Buddies)	Boj & Buddies	0.2	1.003
2012/13	Fiction Factory (Hinterland Films Ltd)	Hinterland Series 1	0.215	3.691
2012/13	Tonto Films and Television Ltd (DVDS2)	Da Vinci's Demons Series 2	0.99	15
2013/14	Avanti Media Group	Wonder World	*0.127	0.763
2013/14	Urban Myth Films	Atlantis Series 2	0.25	4.026
2013/14	Lime Pictures Limited	Rocket's Island	*0.143	0.966
2013/14	Mirror Productions	Petroleum Spirit	0.051	0.358
2013/14	Modern Television	A Poet In New York	0.053	0.855
2013/14	Adastra Creative and Shrinking Cap Productions Ltd	Grandpa in my pocket	0.129	1.612
2013/14	Three Stones Media (The Rastamouse company)	Rastamouse Series 4	0.145	0.885

Financial Year of Offer	Name of Production Company (SPV)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
2013/14	Pure Grass Films Ltd (Drake Equation Ltd)	The Drake Equation	*0.74	5.208
2014/15	Lime Pictures Limited	Rocket's Island Series 4	0.07	0.7
2013/14	Lupus Films	Toot the Tiny Tugboat / Ethel & Ernest	0.55	3.034
2013/14	Green Bay Media Ltd	Castle Builders	0.045	0.32
2013/14	YJB Films (From a Jack to a King Ltd)	From a Jack to a King	0.1	1.229
2013/14	Hartwood Television Ltd	Lady Chatterleys Lover	0.125	0.813
2014/15	Gritty Realism Productions Ltd	Heart of Darkness	0.15	1.794
2014/15	TCFTV UK Productions	The Bastard Executioner	2.5	10
2014/15	Cwmni Da Cyf	Country Fair	0.125	1.019
2014/15	Animortal Studio (Trampires Ltd)	Trampires	0.674	6.738
2014/15	Tiger Aspect Productions (Tiger Aspect (D&F) Ltd)	Decline and Fall	0.1	1.8
2014/15	RF Movie Productions Ltd	Robin Friday - The Movie	*0.2	1.95
2014/15	Touchpaper Televison Ltd	Coming up	0.08	0.809
2014/15	Fiction Factory Films Ltd (Hinterland Films 2 Ltd)	Hinterland 2	0.304	5.3

Financial Year of Offer	Name of Production Company (SPV)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
2014/15	Fiction Factory Films Ltd (Hinterland Films 3 Ltd)	Hinterland 3	0.25	4.21
2015/16	Bad Wolf Ltd	Bad Wolf Productions	9	133
2015/16	Hartwood Films (Sherlock TV Ltd)	Sherlock Season 4	0.24	2.409
2015/16	Heel Stone Pictures Ltd	Crossing the Border	0.202	2.519
2015/16	Ninth Floor UK Productions Limited	Will Season 1	1.5	18.761
2015/16	Lookout Point Ltd (Pinewood Films 14)	The Collection	0.6	5.5
2015/16	Red & Black Films (Don't Knock Twice Ltd)	Don't Knock Twice	0.075	0.63
2015/16	Vertigo Television Ltd	Britannia VFX	1.1	11.149
2016/17	Beakus Ltd	Toggle Top	0.076	0.944
2016/17	Cloth Cat Animation Ltd (Clothcat LBB Ltd)	Luo Bao Bai	0.225	3.183
2016/17	Riverstone Pictures (Showdogs Ltd)	Showdogs	0.362	4.737
2016/17	Vox Pictures (Keeping Faith Ltd)	Keeping Faith	0.328	4.25
2016/17	Green Bay Media	Mountains and Life	0.03	0.54
2016/17	New Pictures (Requiem Productions Ltd)	Requiem	0.4	5.016
2016/17	Severn Screen Ltd (Apostle Films Ltd)	Apostle	0.385	5.767

Financial Year of Offer	Name of Production Company (SPV)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
2017/18	World Productions (BTK 2016 Ltd)	Born to Kill	0.2	2.5
2017/18	The Forge Entertainment Ltd	Kiri	0.2	2.382
2017/18	Coracle Pictures Limited (Denmark)	Denmark	0.085	1.383
2017/18	Rondo Media Cyf	The Wall	0.045	0.363
2017/18	Touchpaper Television Ltd	4Stories	*0.04	0.631
2017/18	Illuminated Productions Ltd	The Rubbish World of Dave Spud	0.09	0.906
2018/19	Eleven Film Ltd	Schooled	0.485	3.879
2018/19	Boom Cymru	15 days	0.089	1.074
2018/19	Dream Horse Films Limited, Popara Films Ltd and Popara Films (DH) Limited	Dream Horse	0.35	4.384
2018/19	JJ Productions Ltd (Short Form Film)	Jamie Johnson Series 4	0.156	1.927
2018/19	Mad as Birds Ltd and Reliance Entertainment Productions Six Ltd	Six Minutes To Midnight	0.4	3.879
2018/19	Keeping Faith (Series 2) Productions Ltd (Vox Pictures)	Keeping Faith Series 2	0.3	4.654
2018/19	Hat Trick Productions	Warren	0.109	1.304

Financial Year of Offer	Name of Production Company (SPV)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
2018/19	Monterey Productions Ltd (HBO)	Brooklyn	0.22	2.412
2018/19	GOL Production Ltd (Pulse Films)	Gangs of London	0.35	4.209
2018/19	Iele Productions	Merched Parchus	0.041	0.444
2018/19	Blacklight TV	4Stories series 2	0.102	1.574
2019/20	All That Limit	Brave New World	2	20
2019/20	Joio	Bang Series 2	0.19	2.3
2019/20	JJ Productions Ltd (Short Form Film)	Jamie Johnson Series 5	0.06	1.827
2019/20	Vox Pictures (Keeping Faith Series 3)	Keeping Faith Series 3	0.24	3.965
2019/20	WP Productions Ltd (World Productions)	The Pembrokeshire Murder	0.2	2.135
2020/21	Hartwood TV Ltd	Roald & Beatrix: The Case Of The Curious Mouse	0.225	2.247
2020/21	Illuminated Productions Ltd	The Rubbish World of Dave Spud Series 2	0.14	1.407
2020/21	Joio Cyf (Joio (Bang 2) Ltd)	Bang Series 2	0.19	2.302
2020/21	Lupus Films (Kensukes Kingdom Ltd)	Kensukes Kingdom	0.1	0.841
2020/21	Little Door Productions Ltd (Little Door (The Pact) Ltd)	The Pact	0.595	5.953
2020/21	One Tribe TV Limited	Wonders of the Celtic Deep	0.077	0.618
2020/21	Eleven Films (Starco TV 3 Ltd)	Sex Education Series 3	0.432	5.186

Financial Year of Offer	Name of Production Company (SPV)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
2020/21	WOTW2 Ltd- Urban Myth films	War of the Worlds Series 2	0.75	7.344
2020/21	Barking Lion Productions	The Trapper Keeper	4	40.159
2020/21	Bad Wolf (HDM3) Ltd	His Dark Materials Season 3	2	21.075
2020/21	Havoc Film Ltd	Havoc	2.15	25.004
2020/21	Short Form Film (JJ Productions) Ltd.	Jamie Johnson Series 6 & 7	0.335	4.651
2021/22	REP Productions SF Limited	The Almond and the Seahorse	0.1	0.935
2021/22	Cwmni Da Cyf	Rain Stories	0.042	0.337
2021/22	The Light Ltd/Y Golau Cyf	The Light/ Y Golau	0.528	5.289
2022/2023	Sex Education S4	Eleven Film	£0.45	6.169
2022/2023	Wolf	Hartwood	£0.50	6.004
2022/2023	The Pact S2	Little Door	£0.33	5.502
2022/2023	The Truth About My Murder	Yeti	£0.25	0.342
2022/2023	American Doomsday / Super Volcano	Wildflame	£0.07	0.416
2022/2023	Black Cake	CBS UK Productions/Kapital Ent.	£0.75	10.000
2022/2023	4 Stories: On the Edge S4	Blacklight TV	£0.07	0.882
2022/2023	Un Nos ola o Leuda/One Moonlit Night	Afanti Media	£0.12	0.959
2022/2023	Steel Town Murders (aka Kappen)	Severn Screen	£0.40	5.200
<b>TOTAL (excluding withdrawn offers*)</b>			<b>42.884931</b>	<b>507.291</b>

Paper 08e - Annex E - Bad Wolf Studios investment (November 2021)

**Annex E – BAD WOLF STUDIOS INVESTMENT (November 2021)**

Investment	Investment Value (£)	Drawn down to date (£)	To be drawn down in future years (£)	Accrued interest @ 7.52% to date (£)	Paid interest @ 7.52% to date (£)	Bad Wolf match funding (£)	Expected Welsh Spend (£)	Achieved Welsh Spend (£)
Repayable Advance	4,500,000	4,500,000	-	1,063,937	51,481	-	54,000,000	54,000,000
Further Grant	4,500,000	4,500,000	-	N/A	N/A	-	79,000,000	79,496,087
Purchase of Buildings 1 and 2, Trident Park	6,000,000	6,000,000	-	N/A	N/A	-	N/A	N/A
Acquisition fees	30,000	30,000	-	N/A	N/A	-	N/A	N/A
Studio Fit out Works	2,650,000	2,650,000	-	N/A	N/A	2,800,000	N/A	N/A
Pinewood Studio Wales Fit out Works	667,588	667,588	-	N/A	N/A	692,412	N/A	N/A
SAWS	80,000	40,000	-	N/A	N/A	-	N/A	N/A
Deposit	N/A	N/A	N/A	N/A	N/A	250,000	N/A	N/A
Youth Drama Network	20,000	20,000	-	-	N/A	-	N/A	N/A
His Dark Materials Season 3	2,000,000	2,000,000	-	-	-	-	-	-
<b>Total</b>	<b>20,447,588</b>	<b>20,407,588</b>	<b>0</b>	<b>1,063,937</b>	<b>51,481</b>	<b>3,742,412</b>	<b>154,074,843</b>	<b>133,496,087</b>

Paper 09 - Culture, Communications, Welsh Language, Sport and International Relations Committee –18 January 2023 – written evidence by the Minister for Education and the Welsh Language

**Culture, Communications, Welsh Language, Sport and International Relations Committee**

**Date: 18 January 2023 (11.10-12.10)**

**Title: Evidence paper on Draft Budget 2023-24 – Welsh Language budgets within the Education and Welsh Language Main Expenditure Group**

This paper provides information to the Culture, Communications, Welsh Language, Sport and International Relations Committee on budget allocations relevant to the Welsh Language in the Education and Welsh Language Main Expenditure Group (MEG) proposals outlined in the draft Budget 2023-24, published on 13 December 2022. It also provides an update on specific areas of interest to the Committee.

**1. Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations**

1.1 When we published our 2022 Welsh Spending Review, we set out ambitious plans for increasing the number of Welsh speakers and doubling daily use of the language. Indicative budgets set last year reflected an increase to Welsh Language budgets <sup>1</sup>of £5.8m (15.4%) in 2022-23, with further increases of £3m (6.9%) in 2023-24 and £3.5m (7.5%) in 2024-25. There is no doubt that this has been a challenging budget, the most challenging since devolution. However, this budget maintains and builds on planned increases for the Welsh Language, as reflected in tables 1 and 2 below.

1.2 In draft Budget 2023-24, the total Welsh Language budget within the Education and Welsh Language MEG increases by £0.199m in 2023-24 to **£46.755m** (£46.705m resource and £0.05m capital). By 2024-25 the total indicative Welsh Language budget stands at **£50.207m** (£50.157m resource and £0.05m capital).

TABLE 1: Resource Budget – Total Welsh Language								
Action	£000s							
	BEL	2022-23 Final Budget March 2022	2023-24 Indicative Final Budget March 2022	2023-24 changes	2023-24 Draft Budget December 2022	2024-25 Indicative Final Budget March 2022	2024-25 changes	2024-25 Draft Budget December 2022
Welsh in Education	Welsh in Education	17,775	20,775	-	20,775	24,275	-	24,275
<b>Total Welsh in Education</b>		<b>17,775</b>	<b>20,775</b>	<b>0</b>	<b>20,775</b>	<b>24,275</b>	<b>0</b>	<b>24,275</b>
Welsh Language	Welsh Language	22,404	22,404	-	22,404	22,404	-	22,404
	Welsh Language Commissioner	3,207	3,207	150	3,357	3,207	150	3,357
	Welsh Language Commissioner - Non Cash	120	120	49	169	120	1	121
<b>Total Welsh Language</b>		<b>25,731</b>	<b>25,731</b>	<b>199</b>	<b>25,930</b>	<b>25,731</b>	<b>151</b>	<b>25,882</b>
<b>Total Welsh Language Resource</b>		<b>43,506</b>	<b>46,506</b>	<b>199</b>	<b>46,705</b>	<b>50,006</b>	<b>151</b>	<b>50,157</b>

<sup>1</sup> Budgets within the Welsh in Education, Welsh Language and Welsh Language Commissioner Budget Expenditure Lines (BELs) only.

TABLE 2: Capital Budget [ <sup>2</sup> ]- Total Welsh Language								
Action	£000s							
	BEL	2022-23 Final Budget March 2022	2023-24 Indicative Final Budget March 2022	2023-24 changes	2023-24 Draft Budget December 2022	2024-25 Indicative Final Budget March 2022	2024-25 changes	2024-25 Draft Budget December 2022
Welsh Language	Welsh Language Commissioner	50	50	-	50	50	-	50
<b>Total Welsh Language</b>		<b>50</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>50</b>	<b>-</b>	<b>50</b>
<b>Total Welsh Language Capital</b>		<b>50</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>50</b>	<b>-</b>	<b>50</b>

<sup>2</sup> A further £45m invested over three years (2022-23 to 2024-25) within the Education Infrastructure BEL to support the Welsh Medium Capital Grant.

- 1.3 As requested by the Committee, a detailed breakdown of 2023-24 draft budget allocations (as relevant to the Welsh Language), final outturn for 2021-22, together with forecast outturn for 2022-23, is attached at **Annex A**. This confirms the final outturn for Welsh Language budgets in 2021-22 was £40.779m (£40.533m resource and £0.246m capital) and the forecast outturn (as at period 7) for 2022-23 is £43.979m (£43.834m resource and £0.145m capital).
- 1.4 It is important to note that the aim is to mainstream *Cymraeg 2050* into all Welsh Government portfolio areas and there is already expenditure on the language embedded in delivery within many other ministerial portfolios. However further detail is provided below on the specific Budget Expenditure Lines (BELs) within the Education and Welsh Language MEG that directly support delivery of the Welsh Language portfolio.

### Welsh Language BEL

- 1.5 The purpose of the Welsh language BEL is to support the delivery of *Cymraeg 2050* in relation to increasing the use of Welsh and securing the right infrastructure. Funding within the Welsh Language BEL is maintained at **£22.404m** per annum in 2023-24, following the increases actioned in last year's budget.
- 1.6 Additional funding of **£1.2m** was allocated to the Urdd in 2022-23 as continued support for the rebuilding of their services as a result of the Covid-19 pandemic. The funding has been baselined into 2023-24. It takes total funding for the Urdd to over £2.2m per annum. Detail on this funding is set out under section 3.1.
- 
- 1.7 A further £0.3m per annum was allocated to the National Eisteddfod in 2022-23 to support the organisation to continue to recover following the financial challenges posed by the Covid-19 pandemic. This funding has also been baselined into 2023-24, with funding for the Eisteddfod Genedlaethol planned to increase to **£1m** in 2023-24. This funding will enable the Eisteddfod to continue with their current activities, and to ensure that the Eisteddfod has the appropriate staffing levels to plan and stage the Eisteddfodau in Llŷn and Eifionydd in 2023 and Rhondda Cynon Taf in 2024. Funding will also continue to be used to build on the success of AmGen to support a more blended approach, which includes further investment in digital interaction in parallel with the traditional element of the Eisteddfod. This provides a unique opportunity to showcase and further promote our culture, heritage and Welsh language to a wider audience.
- 1.8 The remaining budget has been maintained for 2023-24 and 2024-25 to support partnership activities including:
- Cymraeg i Blant (Cymraeg for Kids) – to support parents, prospective parents and other family members in using Welsh at home, transmit Welsh to their children, and to support children's linguistic development in a social and educational context (see paragraphs 2.13-2.14);
  - delivering Welsh language training through the National Centre for Learning Welsh (see section 3.1)

- Siarter Iaith which supports and promotes the informal use of Welsh amongst school-age children (see paragraphs 2.19-2.21);
- delivering the Welsh Language Technology Action Plan;
- increasing the use of Welsh, through grants to a number of key partners including: the network of Mentrau Iaith including the network of Papurau Bro (community newspapers); Merched y Wawr; Cymdeithas Eisteddfodau Cymru; Cymdeithas Cyfieithwyr Cymru; and the Young Farmers Clubs;
- supporting Ysgol Gymraeg Llundain school to provide an important opportunity to promote the Welsh language in London;
- the Welsh Language Communities Housing Plan (see paragraph 2.17);
- Bangor University's ARFer project, to increase interpersonal, communication and confidence in the use of Welsh in the workplace; and
- research, evaluation and marketing in respect of the strategy.

### Welsh Language Commissioner BEL

1.9 This budget (resource of £3.526m and capital £0.50m) supports the Welsh Language Commissioner, with further detail on the Commissioner's budget provided in section 3.2.

### Welsh in Education BEL

1.10 As part of the draft budget published in December 2021, the Welsh in Education budget increased by £4.3m in 2022-23 to **£17.775m**, with further increases of £3m in 2023-24 and £3.5m in 2024-25, to **£20.775m** and **£24.275m** respectively. Funding in this BEL is being maintained in this budget.

1.11 As part of our Co-operation Agreement with Plaid Cymru, we will be investing an additional £8m by 2024-25 (£1.5m in 2022-23, with further increases of £3m in 2023-24 and £3.5m in 2024-25), to the Coleg Cymraeg Cenedlaethol and the National Centre for Learning Welsh. Further detail is included in section 3.1.

1.12 Funding of £2.2m per annum continues to expand Welsh immersion provision. Further detail is set out in section 3.1.

1.13 Following an increase in funding from 2022-23, we will continue to provide £0.6m per annum to support the e-sgol programme (see section 3.1).

1.14 The Welsh in Education BEL also supports actions related to Welsh-medium and Welsh language education within *Cymraeg 2050*, including:

- funding for Mudiad Meithrin to increase Welsh-medium childcare provision as a pathway into Welsh-medium education (see paragraphs 2.24-2.26);
- the implementation of the new 10-year Welsh in Education Strategic Plans (WESPs) in line with the Welsh in Education Strategic Plans (Wales) (Amendment) (Coronavirus) Regulations 2020, which came into force on 1 December 2020 (see paragraphs 2.29-2.30); and
- commissioning of teaching and learning resources (see section 3.1).

## 2. Other Information

### ***Information on how the delivery of the Welsh Language portfolio and associated outcomes are monitored and evaluated to demonstrate value for money.***

- 2.1 In terms of ensuring value for money, clarity over how we use our resources effectively is central to delivering the priorities set out in the Programme for Government and the Co-operation Agreement. We have well-established processes in place to ensure that resources are used effectively for the purposes intended.
- 2.2 Progress against the [Cymraeg 2050 Work Programme for 2021 to 2026](#) is monitored annually through a process which includes the publication of an annual [Action Plan](#) at the beginning of the financial year, followed by an Annual Report at the year end to report back on the actions detailed in the Action Plan. Regular reviews to monitor expenditure and outcomes are undertaken to ensure that any available resources are reprioritised to deliver the strategy.
- 2.3 The Welsh Language Partnership Council plays a role in advising on progress towards the 2050 target and the efficacy of our programmes and interventions. Sub-groups work alongside the Partnership Council and undertake more detailed work and scrutiny for example in the field of equality. The Cymraeg 2050 Programme Board within the Welsh Government is tasked with assessing risks and identifying steps to mitigate them and mainstreams the strategy in each of the Government's policy areas.
- 2.4 In terms of research and evaluation, we have an annual Evidence Plan in place that identifies gaps in the evidence on the Welsh language and sets out a programme of analytical work to address these needs.
- 2.5 We are currently undertaking a review of the Grant Scheme to Promote and Facilitate the Use of the Welsh Language. The aim of the review is to assess how the current Scheme has been designed and implemented, and inform our planning of a future funding model to support the future use of the Welsh language.
- 2.6 In November 2022 we published a [Research and Evaluation Framework for Cymraeg 2050](#). It provides guidance on collecting evidence and data, assessing progress, and evaluating the impact of the strategy as it continues to be implemented. This Framework will provide a basis for the Welsh Government's programme of research and evaluation in relation to the strategy over the coming years.
- 2.7 We have continued to use the findings of a research study we published in 2017: [Welsh Language Transmission and Use in Families](#) to implement our [policy on Welsh language transmission and use in families](#), which we published in January 2021. The Policy provides a basis for a ten-year programme of work. It aims to enable those families where there is already an ability to use Welsh to use whatever Welsh they have with their children. One of the main steps we've undertaken in implementing the policy has been to analyse work with families in

non-Welsh language-related fields which uses the behavioural sciences so that we look at what lessons we can learn from this and develop interventions for our language based on these.

- 2.8 We've continued to undertake work on what our target audiences think about our language. We are increasing the amount of behaviourally-scientific work we undertake to increase the use of Welsh and understanding language behaviours and attitudes towards Welsh is one part of this. We have developed a narrative / verbal strategy to ensure that we're engaging with the right audiences and speaking with them in an engaging way. We've continued to work with many of our partners on this 'one voice' approach to promote the Welsh language, thereby reducing duplication of work.
- 2.9 Furthermore, our target of increasing Welsh language early years provision by 150 nursery groups by 2028 has the potential to reduce spend on promotion among older age groups, as they help individuals establish robust language practices at an early age. In this respect, Cylchoedd Meithrin contribute to nurturing the conditions which create new Welsh speakers by immersing children in the language and its culture, and by helping to feed Welsh-medium schools. This spend on the early years prepares the ground for further interventions in the shape of, for instance, the Siarter Iaith (which has the aim of encouraging informal Welsh language use among school children from an early age).
- 2.10 Our [Welsh Language Technology Action Plan](#) involves ensuring Welsh language digital components are created and maintained so that they can be used and reused under a suitably permissive licence by all. The spread of Welsh language technology is also essential for the normalisation of the Welsh language and enabling people to use it in their day to day lives. We launched the Plan on 23 October 2018. One of the main recent developments under the Plan was the result of our collaboration with Microsoft to design a simultaneous human language interpretation facility for Microsoft Teams scheduled meetings which is now available at no extra charge for those who have a Teams licence. This will enable us to use more Cymraeg in more meetings and contribute directly to our target of doubling the daily use of our language.
- 2.11 We are committed to using the Well-being of Future Generations (Wales) Act 2015 to improve how we make decisions about the social, economic, environmental and cultural well-being of Wales. Our goal is to ensure we reflect the sustainable development principle and our spending plans aim to achieve a balance between short and long-term priorities.

***Information on allocations (and their location) in your portfolio to support Cymraeg 2050 Welsh language strategy, in particular, allocations to achieve the 'milestones' as set out in the Work Programme 2021-2026***

- 2.12 Since launching *Cymraeg 2050* in 2017, we have been working towards a series of milestones to achieve our targets of a million Welsh speakers and doubling daily use of Welsh by 2050. We follow a trajectory that was developed based on the 2011 Census. The world has changed dramatically since 2017 and we have committed from the outset to pause once we had the 2021 Census results in

order to take stock and review our work plans and the trajectory to reach a million Welsh speakers as necessary. We are now considering the Census data alongside other sources of information for example the Annual Population Survey in order to ensure that we remain on track with our aim of doubling the daily use of our language and reaching a million Welsh speakers by 2050. Set out below is our progress against the high level milestones.

**Milestone: a small increase in language transmission rates in families by the 2021 Census, continuing the trend seen between 2001 and 2011**

- 2.13 To support this aim, we will continue to invest in the Cymraeg for Kids programme during 2023-24 with funding of £0.73m being maintained. The objectives of the programme are to support parents, prospective parents and other family members in introducing and using Welsh at home and transmitting Welsh to their children, and to support children's linguistic development in a social and educational context. This is achieved through a series of free sessions for parents and their children, a network of officers support families to introduce and use Welsh at home, transmit Welsh to their children, and support children's linguistic, social and educational development. During 2022-2023, the resumption of face-to-face sessions following the pandemic has continued. In addition, the virtual delivery of the programme introduced due to Covid-19 restrictions continues to be an important element of the support.
- 2.14 Cymraeg for Kids supports our new [national policy on Welsh language transmission and use in families](#). Encouraging families to choose Welsh is an important part of *Cymraeg 2050* and this policy outlines how we plan to make sure parents and carers are given the best possible support and encouragement to choose to use Welsh with their children. The Welsh language transmission and use in families programme works in collaboration with Cymraeg i Blant officials to design interventions based on lessons learnt. We've commissioned external specialists in behavioural science, to work in collaboration with us and partners to create and trial interventions and / or to improve existing interventions to support families to transmit the Welsh language to their children. During 2023-24 we will continue this work and funding of £0.1m has been maintained to trial pilot interventions in this field. A comprehensive intervention evaluation report will be produced at the end of the project in March 2024.

**Milestone: Increasing language use**

- 2.15 As I often repeat, *Cymraeg 2050* is about much more than increasing the number of Welsh speakers. It's also about empowering speakers to use their Welsh with the aim of doubling the daily use of Cymraeg by 2050. With this important aim in mind, all of the interventions in my portfolio, and therefore all corresponding budget allocations, ultimately have the aim of increasing the use of the language, and are evaluated and monitored to ensure that they are fit for this purpose. This is true of both the Welsh Language and Welsh Language Commissioner BELs. Under the Memorandum of Understanding between the Welsh Government and the Welsh Language Commissioner, as well as regulating the standards, the Commissioner has the role of increasing use of the language.

- 2.16 While Covid-19 has dramatically changed the world around us, it is encouraging to see how organisations have positively responded to the challenges. It was particularly encouraging to see both the National Eisteddfod and the Urdd National Eisteddfod returning to their traditional format with many new and innovative attributes this year. The Young Farmers, Merched y Wawr and the network of mentrau iaith continued their progress in developing more face to face activities. In particular, the mentrau iaith have updated their community language profiles and have revised their annual workplans to reflect the challenges facing their communities. The mentrau iaith, in particular, have been directed to emphasise more on community engagement and empowerment. This all shows the important work our partners have been doing, driving Welsh language policy and delivering *Cymraeg 2050*'s aims during this difficult time.
- 2.17 In October 2022, the [Welsh Language Communities Housing Plan](#) (WLCHP) was published. The plan includes numerous economic, housing and community development interventions to support Welsh speaking communities that have high levels of second homes. Supporting the Welsh language as a thriving community language is central to the plan. The aim of the Welsh Language Communities Housing Plan is to empower communities to take responsibility for the long term sustainability of the Welsh language. The plan aims to help and support communities to fulfil their aspirations. A total of £0.465m has been allocated for the WLCHP for 2022-23 and we anticipate funding will be at a similar level for 2023-24. On a related matter, in August 2022, we launched the Commission for Welsh-speaking communities, who is currently holding a call for evidence. The Commission will initially concentrate on the future of Welsh as a community language in Welsh-speaking communities.
- 2.18 Activities funded from the Welsh in Education BEL include the development of Welsh-medium and bilingual early years provision, the development and implementation of the Welsh in Education Strategic Plans (WESPs), support for FE colleges and training to enable tutors and assessors to teach and train learners bilingually, support the development of Welsh-medium HE provision and lead on post-16 development. Other activities include the development of teaching and learning resources to support the teaching of Welsh and other subjects through the medium of Welsh, as well as bilingual resources to support the new curriculum. All of these activities have an impact on language use.
- 2.19 The Siarter Iaith supports and promotes the informal use of Welsh amongst school-age young people with the aim of creating bilingual citizens of the future, who will:
- be instinctive, natural, comfortable, confident Welsh speakers;
  - want to use the Welsh language of their own volition;
  - speak Welsh with each other whether they come from Welsh speaking homes or not;
  - be confident to use their Welsh and have a positive attitude towards it; and
  - be assertive about their Welshness and language use.

2.20 There are four projects within the Siarter Iaith:

- Siarter Iaith and Siarter Iaith Uwchradd operates Welsh-medium primary and secondary schools respectively;
- *Cymraeg Campus* operates in English medium primary schools; and
- *Cymraeg Bob Dydd* operates in English medium secondary schools.

2.21 We will allocate £0.713m to the programme for 2023-24. We provide £0.138m to the Urdd to deliver *Cymraeg Bob Dydd* and £518,770 is allocated to the regional consortia (or in the case of mid and West Wales to the relevant local authorities) to work with schools to deliver the programme. The remainder funds national activities such as the publication of the *Seren a Sbarc* books and other resources. This project is a key part of our work to increase language use and will be maintained in 2023-24.

2.22 It's very difficult to measure language use. One way is by conducting language use surveys. Work began on a new Welsh language use survey in July 2019, and was due to continue until the end of March 2021. However, due to Covid-19, the survey ended earlier than planned, during March 2020. The Welsh language use surveys are the official source for reporting progress against one of the national indicators set out in the Well-being of Future Generations Act (Wales) 2015. According to the Welsh Language Use Survey 2019-20<sup>3</sup>, 10% of people aged three or older spoke Welsh daily and could speak more than just a few words (it should be noted that Welsh speakers who can only speak a few words are not included here, no matter how often they speak the language). This is the same percentage as in the Welsh Language Use Survey 2013-15. However, when looking specifically at Welsh speakers aged three or older in Wales, over half (56%) spoke the language daily (regardless of their levels of fluency) compared with 53% in the Welsh Language Use Survey 2013-15. There was also a small increase in those who considered themselves fluent in Welsh (up to 48% from 47%) and two thirds of Welsh speakers agree (strongly or tend to agree) that speaking Welsh is an important part of who they are.

2.23 *Cymraeg 2050* is a cross-cutting policy, supported not just through the Welsh Language and Welsh in Education BELs. For example, the Sabbatical Scheme and CYDAG are supported by the Teacher Development and Support BEL within the Education and Welsh Language MEG. An additional £1m was also allocated to the Curriculum Reform BEL from 2021-22 for bilingual resources to support effective implementation of the new Curriculum for Wales. Further detail on these areas are set out below.

**Milestone: Aim to support the expansion of Welsh language early years by 60 new groups by 2026**

2.24 Annual funding of £3.031m to Mudiad Meithrin has enabled it to support its membership of Cylchoedd Meithrin and Cylchoedd Ti a Fi to strengthen and expand its services.

2.25 During 2023-24, we will continue the support for Mudiad Meirthin to expand and strengthen this provision. Funding will also continue to enable Mudiad Meithrin to run the Sefydli a Symud / Set up and Succeed (SAS) programme which

focuses solely on establishing new Welsh-medium early years provision in areas of Wales where there is a current lack of such services as an access point to Welsh-medium education.

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<sup>3</sup> [Social use of the Welsh language: July 2019 to March 2020 | GOV.WALES](#)

2.26 Through this work, 43 new groups were established over the first 3 years of the programme up to 2021. The target of establishing a further 60 groups during the current Senedd term is well underway with 12 groups having opened during 2021-22 and a further 12 being developed for 2022-23. The work to develop staff and volunteers at its member settings has also continued, and has this year included sessions tailored to respond to the challenges the early years sector has faced during this year. This budget will be maintained in 2023-24 and Mudiad Meithrin will continue to build early years capacity to provide a path into Welsh-medium education.

2.27 Closely allied to the programme of expanding provision is the Programme for Government and Co-operation Agreement commitment to deliver a phased expansion of early years provision to include all 2 year olds, with a particular emphasis on strengthening Welsh-medium provision. It is expected that the SAS programme and the expansion of Flying Start will work closely and contribute to each other's targets.

**Milestone: Increase the percentage of year 1 learners taught in Welsh from 23% (2020 to 2021) to 26% in 2026.**

2.28 One of the key aims of *Cymraeg 2050* is to increase the number of learners studying through the medium of Welsh. The most recent PLASC data (2022), published at the end of August shows a small percentage increase in Year 1 learners studying through the medium of Welsh, rising from 23.4% in 2020/21 to 23.9% in 2021/22. In the *Cymraeg 2050 Work Programme for 2021-26*, we have committed to increase the percentage of year 1 learners taught in Welsh to 26% by 2026. Work in this policy areas includes a number of different streams.

Welsh in Education Strategic Plans (WESPs)

2.29 We will continue to allocate funding of £0.1m from the Welsh in Education BEL to support work on the Welsh in Education Strategic Plans (WESPs). All WESPs have been approved and have been operational since September 2022. Our efforts in 2023-24 will concentrate on supporting local authorities to implement their new 10-year WESPs. This will include:

- providing advice and guidance around communication and promotion of Welsh-medium education;
- procurement of Welsh language and education consultants to advise local authorities on aspects of WESP implementation, such as progression from Welsh-medium primary schools and work around school categorisation;
- on-going support in implementing the new WESPs; and
- implementation of the new arrangements relating to school categorisation

according to the provision of Welsh.

2.30 Local authorities will continue to use funding from other sources to implement their WESPs, for example through the Sustainable Communities for Learning capital programme, Early Years and Childcare capital grant, and the Revenue Support Grant (RSG). Specific Welsh language funding such as the Welsh-medium Capital grant and Late Immersion Grant will continue to support and deliver activities directly supporting the implementation of WESPs.

#### Late immersion provision

2.31 Late immersion continues to play an important part in our work to increase the percentage of learners who attend Welsh-medium education. The *Cymraeg 2050 Work Programme for 2021-26*, and the Programme for Government, include our commitment to expand the Late Immersion Programme to ensure that every newcomer to the language has access to a Welsh-medium education when they need it and wherever they are on their learning journey. Further detail on this funding is set out under section 3.1.

#### Welsh Language Education Bill

2.32 We've made a commitment to introduce a Welsh Education Bill during the term of this Senedd. The purpose of the Bill is to strengthen and increase our Welsh language education provision to meet the challenges set out in *Cymraeg 2050*. There is no agreed timetable for this work, therefore the costs associated with a White Paper consultation may arise during the 2023-24 financial year with costs to be met from existing budgets.

#### **Milestone: support growth in the number of teachers in Wales who can teach Welsh or teach through the medium of Welsh by 2031 as follows.**

2.33 In May 2022, the [Welsh in Education Workforce Plan](#) was published with a commitment to increase the funding allocated to support implementation of our actions to increase the number of Welsh-medium teachers and support all teachers to develop their Welsh language skills. The latest data in relation to progress against this target was published in the [Cymraeg 2050 Annual Report for 2021-22](#).

2.34 Funding is available within the Teacher Development and Support BEL to take this work forward. A total of £1.845m was allocated in 2022-23 (an increase of £1m) with further increases of £0.5m in 2023-24 and £2m in 2024-25.

2.35 The total funding available in 2023-24 is £8.720m of which £6.1m is allocated to professional learning (see below). The remainder of the funding will be prioritised to support the aims of the plan and will be mainly targeted at increasing the number of Welsh-medium teachers.

2.36 The Coleg Cymraeg Cenedlaethol is allocating £0.150m from their grant, which is funded from the Welsh in Education BEL, in 2022-23 to develop two specific

projects:

- pilot a financial scholarship and mentoring for undergraduate learners to support them to prepare for ITE through the medium of Welsh; and
- develop networks to engage with Welsh-speaking graduates studying in England and promote opportunities for them to return to Wales to prepare to teach.

2.37 It is hoped that the Coleg will continue to allocate funding from their grant in 2023-24 to continue these projects.

2.38 We continue to provide incentives for student teachers from Wales undertaking ITE and have maintained the Iaith Athrawon Yfory incentive of £5,000 for each student who is preparing to teach secondary subjects through the medium of Welsh.

2.39 The National Centre for Learning Welsh is leading on a pilot project to incentivise young Welsh speakers to return from universities to help teach Welsh in schools. A pilot project was held in July 2022 where 15 students from Universities across the UK attended a two week course at Cardiff University. They received presentations from education practitioners, received information on how to become Learn Welsh tutors, and had an opportunity to attend Learn Welsh classes and learn basic tutoring skills. A second pilot project will be held in July 2023 which will also include a placement period in a secondary school. It is hoped that this project will attract young people to teaching, and the Learn Welsh sector whilst also helping to increase the use of Welsh in schools.

2.40 Professional learning is a key feature of our approach to strengthening Welsh-medium teaching capacity and supporting practitioners to develop their Welsh language skills in accordance with the Professional Standards for Teaching and Leadership. We are working with regional consortia and local authorities to ensure that practitioners are identified and supported to engage with professional learning in order to improve the teaching of Welsh in English-medium schools and to support all schools to move along a continuum. Approximately £6.1m will be allocated within the Teacher Development and Support BEL in 2023-24 to this end.

2.41 Of this funding, £3.6m is allocated to the Sabbatical Scheme to deliver intensive Welsh language and language teaching methodology professional learning for practitioners. Courses are available on a range of levels for teaching assistants and teachers. The majority of this budget funds the supply costs related with releasing practitioners from schools to undertake the courses.

2.42 In addition to the Sabbatical Scheme, a total of approximately £2.5m will be allocated to the regional consortia and local authorities in 2023-24 to support the local and regional delivery of Welsh language support for practitioners. There is a slight reduction on this budget this year due to the availability of free Welsh language lessons – see next paragraph.

2.43 Funding allocated to the National Centre for Learning Welsh will also deliver access to free Welsh language lessons to all education practitioners. A new

website was launched in July 2022 to provide information to practitioners about the provision available to them via the Sabbatical Scheme and the National Centre for Learning Welsh [Education Workforce | Learn Welsh](#).

### 3. Specific Areas

#### 3.1 Updates on allocations in 2022-23 budget

***Information on the allocation of £1.2 million to the Urdd to assist with rebuilding after the pandemic, and details on the specialist programme that provides Welsh-medium apprenticeships for young people within deprived communities.***

3.1.1 As part of last year's budget, an additional £1.2m was allocated to the Urdd in 2022-23, which has been baselined into 2023-24, to provide continued support in the rebuilding of their services as a result of the Covid-19 pandemic. It ensured that the Urdd had a network of development officers in place who are employed to support children and young people in communities across Wales.

3.1.2 The Urdd's offering is wide ranging, vibrant and continues to grow. The allocation not only enabled the Urdd to redevelop and rebuild after the pandemic, but to also innovate and build on their successful initiatives held during Covid-19; such as new digital ways of engaging with young people through events such as Eisteddfod-T and international partnerships.

3.1.3 In the first quarter of 2022-23, the Urdd held their first in person Urdd National Eisteddfod since the COVID-19 pandemic. Their event was a huge success and drew record numbers of attendees. In addition to the £1.2m, in line with our Programme for Government commitment, we were delighted to support the Urdd with additional funding of £0.5m (2021-22) to offer the festival for free for attendees to celebrate its centenary year.

3.1.4 A key part of the funding enabled the Urdd to provide a specialist programme that provides Welsh-medium apprenticeships for young people within our most deprived communities. Nurturing the workforce of the future and establishing an impactful structure of recruiting, training and retaining Welsh-medium staff is essential if opportunities for children and young people to use Welsh are to be increased. The additional funding has enabled the Urdd to establish accredited apprenticeship pathways in Welsh. The funding also ensured that the Urdd could establish a skills Hub which enables learners across Wales to gain the essential skills through the medium of Welsh. The effective structure and development of the Urdd's Apprenticeship Department through this allocation has enabled the Urdd to attract young people who lacked confidence in their Welsh to receive intensive training through the medium of Welsh after leaving school along with an option to consider a future career through the medium of Welsh. In short, the investment has attracted a cohort of young people who did not choose to engage with the Welsh language after their time at school, to consider a long-term career through the medium of Welsh.

**Progress update on the additional £2.2m allocated to expand Welsh language immersion provision across Wales and any supporting data.**

- 3.1.5 During 2021-22, we announced an investment of £2.2m to support Welsh learners undertaking late immersion in schools and to support Welsh learners' progression in light of COVID-19. This grant funding was dedicated to expanding Welsh-medium late immersion provisions in schools and centres and each local authority applied for funding of up to £0.1m for expenditure before the end of March 2022. Key funding requests included: additional teaching time to expand current immersion provision or COVID related learner support; pilots for 'pop up' immersion provision; procurement of specialist training in immersion methodologies and resources; scoping projects to establish latecomer provision based on other LA models.
- 3.1.6 This initial investment led to us announcing earlier this year additional revenue funding of £6.6m for the remainder of this Senedd term (£2.2m per annum for 2022-23, 2023-24 and 2024-25) to continue to develop late immersion provision in every local authority area. Each local authority will allocate funding according to their own individual needs. Some continue to support provision that already exists. Whilst others, mostly in South-East Wales, will lead to the establishment of new late immersion provision that will enable more learners to become bilingual speakers. This current funding round is enabling local authorities to keep in post, or appoint from new, over 60 specialised late immersion teachers / classroom assistants into newly established immersion units or centres. It is also supporting the development of innovative digital technologies to support learning, such as Gwynedd's Virtual Reality (VR) digital resource project consisting of a VR village providing opportunities for learners to use their language skills in different contexts. The funding will support an all-Wales roll out over the coming years.
- 3.1.7 In 2022-23, a Welsh-medium Late Immersion Network was established to support local authorities, regional consortia and schools to raise awareness of the different provisions, developments and good practice in place across Wales. This Network will continue during 2023-24.

**Information on the increased allocation of £4.3m within the Welsh in Education BEL during 2022-23, specifically, how and where this additional funding has been utilised.**

3.1.8 The £4.3m allocation is made up of:

- **£2.2m – Late immersion provision**

3.1.9 Details regarding the £2.2m allocation for immersion is outlined above.

- **£1.5m – Coleg Cymraeg Cenedlaethol**

3.1.10 In 2022-23, the core funding of the Coleg Cymraeg Cenedlaethol stands at £7.013m. This includes funding of £5.046m for the Coleg's higher education

programme and £0.684m for its Welsh-medium scholarship scheme. In higher education, £4.184m directly supports Welsh-medium provision across universities and subject areas. Essential support is provided through Coleg branches to lecturers, staff development and publications. In post-16, a total of £1.283m has been allocated to support the Further Education and Apprenticeship Welsh-medium Action Plan, which is providing development grants in priority areas including Health and Social Care, Childcare and Public Services.

3.1.11 Within the core funding, the Coleg provides training and mentoring through Sgiliaith, to enable tutors and assessors to gain confidence in teaching bilingually and support for the apprenticeship sector. Additional grant funding from other areas is provided for digital and other resource development, the ambassador project and support for developing Welsh as a subject and Welsh-medium teachers.

3.1.12 The Programme for Government and our Co-operation Agreement with Plaid Cymru includes a commitment to invest in Coleg Cymraeg Cenedlaethol to increase the amount of Welsh-medium delivery in the apprenticeship and further education sector, and the National Centre for Learning Welsh to provide free Welsh language learning for 16 to 25-year-olds and teaching staff. This builds on the existing budget for the Coleg which supports Welsh-medium provision across universities, together with FE colleges and training providers by providing training and mentoring through Sgiliaith, to enable tutors and assessors to gain confidence in teaching bilingually and support for the apprenticeship sector to build teaching capacity. As part of last year's budget, an additional £8m was invested up to 2024-25, with £1.5m allocated for the Coleg in 2022-23, with further increases to support the Coleg and National Centre of £3m in 2023-24 and £3.5m in 2024-25. The Coleg already has a close working relationship with the National Centre for Learning Welsh and further collaboration will strengthen the support to the Welsh language post-16 sector.

3.1.13 Of the £4.5m allocated for 2023-24, £2.825m will be provided to the Coleg and £1.675m to the National Centre.

- **£0.6m – E-sgol**

3.1.14 The e-sgol project was launched in 2018 with the aim of providing equality of opportunity for post-14 and post-16 learners in rural areas of Wales to study courses that would not otherwise be available to them. e-sgol is a blended learning initiative to deliver online teaching and learning opportunities using direct, real-time and interactive learning approaches.

3.1.15 The e-sgol project has been expanding year on year since its launch. During 2021-22, 28 subjects (GCSE, AS and 'A' level) have been offered across 28 schools to over 350 pupils through the e-sgol project.

3.1.16 Welsh Government funding for e-sgol for the current financial year is £0.6m and it will be maintained in 2023-24. The e-sgol project is available to all areas of

Wales and participation is voluntary. The increased funding made available from 2022-23 will allow for increased promotion with the aim of ensuring that provision will expand to all consortium areas in Wales from September 2023.

***Update on budget allocations from other parts of the Ministers portfolio, including the Teacher Development and Support BEL and the Curriculum and Assessment BEL to support the development of the Welsh language.***

Sabbatical Scheme

3.1.17 We propose to continue to support the Sabbatical Scheme from 2022-23 with an approximate budget of £3.6m, to retain the same level of funding as previous years. The budget for the Sabbatical Scheme is drawn from the Teacher Development and Support BEL (see paragraphs 2.41-2.42).

Bilingual resources

3.1.18 Budget provision of £1m is being maintained within the Curriculum and Assessment BEL to continue the development of additional resources and supporting materials for schools and settings linked to the Curriculum for Wales. Alongside this, practitioners are supporting our review of over 5,000 curriculum resources already available on the Hwb platform, which are now populating a new dedicated Curriculum for Wales resources section. As the review progresses, more and more resources will appear in this section so that schools and settings can be assured of their quality and alignment to the new curriculum.

3.1.19 In conjunction, we continue to allocate funding of just over £3m from the Welsh in Education BEL to ensure adequate provision of Welsh-medium and bilingual resources to support the curriculum and its qualifications. In 2022-23 Adnodd, a Welsh Government subsidiary company, was incorporated to provide a strategic oversight to the provision and commissioning of resources. Adnodd will become operational as of 1 April 2023. Grant funding will be allocated to establish Adnodd. A three-year transition plan is being developed with some contracts and grants being funded and managed directly from Welsh Government.

3.1.20 We continue to work with various sectors to fund and commission:

- bilingual resources for curriculum areas such as: health and well-being; Welsh history; Humanities; Expressive arts; and Black, Asian and Minority Ethnic communities' contributions and history;
- 14-19 general and vocational qualifications textbooks and digital resources;
- Welsh-medium resources to support learners with additional educational needs to include sight loss, dyslexia and BSL;
- reading materials for 3-16 year old learners on culture and the history of Wales;
- resources to support Welsh language oracy and immersion; and
- terminology and dictionary infrastructure projects such as *Y Termiadur Addysg* and *Geiriadur Prifysgol Cymru*.



## 3.2 Welsh Language Commissioner

### ***Allocations and commentary in respect of the budget allocation for the Welsh Language Commissioner in 2023-24.***

- 3.2.1 The Welsh Language Commissioner's revenue allocation for 2023-24 and 2024-25 is £3.357m, which represents a £0.150m uplift from 2022-23. In line with the Commissioner's estimate, a non-cash depreciation budget of £0.169m will be provided in 2023-24, which is an increase of £0.049m on 2022-23, to support depreciation and amortisation costs on capital expenditure. The non-cash budget reduces to £0.121m by 2024-25.
- 3.2.2 In the budget estimate for 2023-24, the Commissioner's office highlighted the need for additional revenue funding to fund the pay deal for staff and ensure Commissioner's staff continue to fall in line with the terms and conditions of the Welsh Government. The additional revenue funding provided in 2023-24 represents an increase of over 4% increase to support pay uplifts.
- 3.2.3 There are no changes to the capital budget for the Commissioner, which remains at £0.050m for 2023-24 and 2024-25. We will continue to discuss the capital funding requirements for the Commissioner in 2023-24 to support their investment plans.

## 3.3 Capital expenditure in relation to the Welsh language

### ***Detailed progress on expanding capacity in Welsh-medium schools, the distribution of the Welsh Medium Capital Grant and progress to date across local authorities in Wales.***

- 3.3.1 This budget is located within the Education Infrastructure BEL of the Education and Welsh Language MEG. Its aim is to increase capacity in Welsh-medium schools, establish new Welsh-medium provision, support late immersion provision as well as support learners of all ages to improve their skills and confidence in Welsh.
- 3.3.2 The first round of Welsh-medium capital funding during 2018 has supported 46 projects across 20 local authorities, leading to 2,818 additional Welsh-medium childcare and education places. Most of the 46 projects are progressing well, however, the pandemic has had some impact with the completion dates of some projects slightly delayed.
- 3.3.3 A further £30m was announced in March 2021 to support capital projects dedicated to growing the use of the Welsh language in education according to local WESP needs. The funding is a second tranche of investment from the Welsh-medium Capital Grant, established in 2018 to support capital projects dedicated to supporting and growing the use of the Welsh language in education. This is on top of the existing allocation announced for Band B of the Sustainable Communities for Learning Programme

- 3.3.4 Of the 51 bids submitted, a total of 11 bids were approved across 9 local authority areas with the remaining bids that met the criteria but could not be supported due to limited funds placed on a reserve list. This investment will lead to the creation of an additional 933 places in Welsh-medium education, 285 additional late immersion places, 2 new Welsh-medium primary schools and increased capacity in 10 Welsh-medium schools already established.
- 3.3.5 During October 2022, additional funding of £7.1m was approved to support projects on the Welsh-medium Capital Grant reserve list. The projects that will be progressed within this financial year are included at Annex B.
- 3.3.6 These projects will make a substantial contribution to Welsh-medium education across Wales. On a local level, they will provide a positive boost to the language in numerous counties.

## **Summary**

The budget as relevant to the Welsh Language in the Education and Welsh Language MEG Draft Budget for 2023-24 is presented to the Committee for consideration.

**Jeremy Miles MS**

**Minister for Education and Welsh Language**

Paper 09a - Annex A – Welsh Language Budgets Within the Education and Welsh Language MEG for Draft Budget 2023-24, 2022-23 Forecasts and 2021-22 Final Outturn

**ANNEX A – WELSH LANGUAGE BUDGETS WITHIN THE EDUCATION AND WELSH LANGUAGE MEG FOR DRAFT BUDGET 2023-24, 2022-23 FORECASTS AND 2021-22 FINAL OUTTURN**

**Resource budgets**

Action	BEL Description	2021-22 Final Outturn £000s	2022-23 Final Budget (Mar 2022) £000s	2022-23 1st Supp Budget (June 2022) £000s	2022-23 Forecast Outturn (Period 7) £000s	2023-24 Indicative Final Budget 2022-23 (Mar 2022) £000s	2023-24 Changes £000s	2023-24 Draft Budget (Dec 2022) £000s	2024-25 Indicative Final Budget 2022-23 (Mar 22) £000s	2024-25 Changes £000s	2024-25 Indicative Draft Budget (Dec 2022) £000s
<b>Welsh in Education</b>	Welsh in Education	14,856	17,775	17,775	17,611	20,775	0	20,775	24,275	0	24,275
<b>Total Welsh in Education</b>		<b>14,856</b>	<b>17,775</b>	<b>17,775</b>	<b>17,611</b>	<b>20,775</b>	<b>0</b>	<b>20,775</b>	<b>24,275</b>	<b>0</b>	<b>24,275</b>
<b>Welsh Language</b>	Welsh Language	22,428	22,404	22,404	23,058	22,404	0	22,404	22,404	0	22,404
	Welsh Language Commissioner	3,187	3,207	3,113	3,165	3,207	150	3,357	3,207	150	3,357
	Welsh Language Commissioner - Non-Cash	62	120	216	0	120	49	169	120	1	121
<b>Total Welsh Language</b>		<b>25,677</b>	<b>25,731</b>	<b>25,733</b>	<b>26,223</b>	<b>25,731</b>	<b>199</b>	<b>25,930</b>	<b>25,731</b>	<b>151</b>	<b>25,882</b>
<b>EDUCATION - TOTAL RESOURCE BUDGET</b>		<b>40,533</b>	<b>43,506</b>	<b>43,508</b>	<b>43,834</b>	<b>46,506</b>	<b>199</b>	<b>46,705</b>	<b>50,006</b>	<b>151</b>	<b>50,157</b>

## Capital budgets

Action	BEL Description	2021-22 Final Outturn £000s	2022-23 Final Budget (Mar 2022) £000s	2022-23 1st Supp Budget (June 2022) £000s	2022-23 Forecast Outturn (Period 7) £000s	2023-24 Indicative Final Budget 2022-23 (Mar 2022) £000s	2023-24 Changes £000s	2023-24 Draft Budget (Dec 2022) £000s	2024-25 Indicative Final Budget 2022-23 (Mar 22) £000s	2024-25 Changes £000s	2024-25 Indicative Draft Budget (Dec 2022) £000s
Welsh Language	Welsh Language Commissioner	246	50	50	145	50	0	50	50	0	50
<b>Total Welsh Language</b>		<b>246</b>	<b>50</b>	<b>50</b>	<b>145</b>	<b>50</b>	<b>0</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>50</b>
<b>EDUCATION - TOTAL RESOURCE BUDGET</b>		<b>246</b>	<b>50</b>	<b>50</b>	<b>145</b>	<b>50</b>	<b>0</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>50</b>

Paper 09b - Annex B – Welsh Medium Capital Grant Allocations – October 2021

**ANNEX B – WELSH MEDIUM CAPITAL GRANT ALLOCATIONS – OCTOBER 2021**

<b>Local Authority</b>	<b>Project</b>	<b>Capital</b>
Newport	Sports Hall for Ysgol Gyfun Gwent Is Coed	£1,468,509
Torfaen	3G Pitch for Ysgol Gyfun Gwynllyw	£1,650,000
Cardiff	Ysgol Glantaf SRB Unit	£129,202
Cardiff	Ysgol Bro Edern refurbishment	£105,421
Cardiff	Plasmawr demountable unit and refurbishment	£1,148,620
Conwy	Cylch Meithrin Ysgol Bro Aled	£55,644
Anglesey	Ysgol Llanfawr childcare unit	£596,800
Anglesey	Ysgol y Graig childcare unit	£298,031
Neath Port Talbot	Ysgol Trebannws refurbishment	£460,000
Neath Port Talbot	Mynachlog Nedd refurbishment new seedling school	£550,000
Powys	Ysgol Pennant refurbishment and extension	£671,473
		<b>£7,133,700</b>

Paper 10 - Children, Young People and Education Committee -  
18 January 2023 - written evidence by the Minister for Health  
and Social Services, the Deputy Minister for Social Services and  
the Deputy Minister for Mental Health and Wellbeing

**Children, Young People and Education Committee**

**Date: 18th January 2023**

**Venue: Senedd Cardiff Bay**

**Title: Scrutiny of Health and Social Services Draft Budget 2023-24**

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## Purpose

The Minister for Health and Social Services, the Deputy Minister for Social Services and the Deputy Minister for Mental Health and Wellbeing have agreed to attend the Children, Young People and Education Committee on the 18 January 2023 to give evidence on their Draft Budget proposals.

## Introduction

This paper provides information for the Children, Young People and Education Committee on the Health and Social Services (HSS) Main Expenditure Group (MEG) future budget proposals for 2023-24 and also provides an update on specific areas of interest to the Committee as outlined in a letter from the Chair of the Committee dated 8<sup>th</sup> November.

## Budget Overview (whole HSS MEG)

Figure 1 – Budget Overview

Revenue	2023-24
	£m
Revenue Baseline as @ Final Budget 2022-23	9,793.3
Baseline Adjustments	(4.3)
Budget Reprioritisation	(23.7)
MEG allocation	457.8
Transfer in of existing budget (CCG grant)	160.2
<b>Revised DEL as @ Draft Budget 2023-24</b>	<b>10,383.3</b>
Capital	
Capital Baseline as@ Final Budget 2022-23	339.3
Additional Allocation	35.7
<b>Revised DEL as @ Draft Budget 2023-24</b>	<b>375.0</b>
<b>Overall Total HSS MEG Draft Budget 2023-24</b>	<b>10,758.30</b>

The table above does not include Annual Managed Expenditure (AME), which is outside the Welsh Government's Departmental Expenditure Limit (DEL).

## Information to inform scrutiny of the Draft Budget 2023-24 by Health & Social Care Committee.

### 1. Transparency of budget presentation

Our predecessor committee emphasised the importance of presenting the Draft Budget transparently to enable full and thorough scrutiny. To continue this approach, we request a transparent narrative explanation (and numeric depiction) of the following in respect of the Health and Social Services MEG:

- reductions/removal or increases/additions relating to specific areas of the draft budget compared to previous financial years (e.g. grants being reduced or ceasing to exist altogether/being increased or introduced);
- what proportion any changes to the overall amount previously allocated represent; and
- where exactly this change is being made in the draft budget, and whether money will be returned to/taken from central reserves or allocated to/from other budget lines.
- that Ministers ensure that resources relating to children and young people are presented clearly so that we can identify the assigned resources, assess the extent to which they are being prioritised, and understand how they will deliver value for money.

## **Approach to Budget proposals**

The Health and Social Services Main Expenditure Group (MEG) contains the core revenue and capital funding for NHS Wales, as well as funding to support public health, social care and supporting children. It supports our well-being objectives to provide effective, high quality and sustainable healthcare, and to protect, re-build and develop our services for vulnerable people. It also supports the ongoing implementation of A Healthier Wales, our long-term plan for health and social care.

This budget covers a two-year period from 2023-24 to 2024-25. The MEG settlements have been assessed through the budget setting process with agreement by Cabinet to, as far as possible, protect front line core services.

The HSS MEG will increase from the adjusted revenue baseline of £9.789billion up to £10.383billion for 2023-24 and £10.613billion for 2024-25.

The HSS MEG settlement provides for increases in budget as follows:

- NHS (including TTP) an increase of £415m for 23-24
- Mental health increase of £25million for 2023-24, building on the £50m allocated in 22-23 and increasing to £90million by 2024-25
- Social care increase of £10m, building on the £45m allocated in 22-23 and increasing to £60million by 2024-25 and;
- Childcare & early years £28million allocated in 2022-23, increasing to £30million in 2023-24 and recurrent for 24-25.

From the funding initially allocated to the NHS above, we are also allocating an additional £10million to support the expansion of Flying Start to help meet the Programme for Government commitment to deliver a phased expansion of early years provision to include all two-year-olds (Phase One), with a particular emphasis on strengthening Welsh medium provision. This is also a key element of the cooperation agreement with Plaid Cymru.

There have been some budget reductions in the MEG as part of a cross Government reprioritisation exercise, £23.7m reduction shown in the main Budget Expenditure

Line (BEL) table. **None of the budget areas reduced in the HSS MEG related to Children & Early Year's policy areas.**

**Further information is shown below, in section 3, illustrating the budgets relating to Children & Young People and the relevant budget moves, by BEL.**

## **2. Children's rights and the allocation of 'the maximum available resources' for children and young people.**

As we recommended last year, and as our predecessor Committee continually advocated, we believe a Child Rights Impact Assessment (CRIA) should be undertaken for the Draft Budget as a whole and published as a standalone document, prior to being incorporated in the overall Strategic Integrated Impact Assessment.

We believe this is vital to demonstrate that the Welsh Government is meeting the requirements of the Rights of Children and Young Persons (Wales) Measure. Publishing a CRIA is in line with the arrangements the Welsh Government itself has put in place, which has established the CRIA as 'the agreed' mechanism to support Ministers to meet the duties under that Measure in both the Children's Rights Scheme itself and the associated Children's Rights Scheme: manual for Welsh Government staff.

In line with assessing whether 'due regard' has been given to article 4 of the UNCRC and the Welsh Government's duties under the Rights of the Child and Young Persons (Wales) Measure the Committee:

- Requests a copy of the overall Child's Rights Impact Assessment (CRIA) undertaken by the Welsh Government to inform the allocations in the draft Budget 2022-23 **across all its portfolios**,
- If a specific CRIA has not been undertaken, the reasons for this.
- A copy of any alternative integrated impact assessment as well as assurances that this assessment demonstrates that the duty of "due regard" to the United Nations Convention on the Rights of the Child has been exercised.

In respect of the Health and Social Services MEG, the Committee request:

- A copy of the completed Children's Rights Impact Assessment template: guidance for staff.
- template for this draft Health and Social Services MEG for 2023-24 which sets out how children's rights are put into effect in these budget allocations, with reference to specific articles in the United Nations Convention on the Rights of the Child as relevant.
- Details of what discussions have taken place with other relevant Ministers in respect of allocations which have a significant impact on children's health and social care, for example the Minister for Social Justice in terms of the budget of the Children's Commissioner for Wales and broader policy issues such as child poverty.
- Information about how the Wellbeing of Future Generations (Wales) Act 2015 has influenced allocations to budget lines within the MEG.
- Information about how equalities, sustainability and the Welsh language have been considered in budget allocations.
- Information about how you have taken gender budgeting into account in budget allocations
- Details and/or examples of any changes made to allocations within the Health and Social Services MEG following considerations of children's rights, equalities, sustainability, the Welsh language, or the Wellbeing of Future Generations.

## **Impact Assessment**

The vision we have established in A Healthier Wales is to place a greater focus on prevention and early intervention which we continue to support through universal, as well as more targeted support. This includes information, advice and support for parents through Parenting. Give it Time which has been expanded to support parents of children aged 0-18; ongoing support for speech, language and communication (SLC) through the Talk with me SLC plan and campaign; and further investment to reduce or mitigate the impact of adverse childhood experiences (ACEs).

Within the HSS MEG allocation, the budget for Early Years and Childcare have been protected with £10m additional funding in 2023-24 and 2024-25 for the expansion of Flying Start. Funding will be allocated to support our Programme for Government commitment on Early Years and Childcare, which includes supporting more families with the costs of childcare where parents are in education and training, and to increasing early year's provision to include all two year olds, with a particular emphasis on strengthening Welsh medium provision. Alongside the impacts on early years, we have also recognised the disproportionate effect on gender particularly linked to childcare. Our Childcare Offer already provides 30 hours of funded education and childcare to working parents of 3 and 4 year olds for 48 weeks a year.

Our support for the early years, childcare and play contributes to all of the well-being goals, and specifically to those relating to a prosperous and healthier Wales. Investment in quality childcare and play can help young children develop into healthy, active adults. It develops their cognitive and social and emotional wellbeing and mitigates the harmful effects of adverse childhood experiences. Childcare can

also enable parents to work and train and lifts families out of poverty.

Our Childcare Offer specifically supports the Welsh Government's well-being objectives, in particular to:

- Support people and businesses to drive prosperity
- Promote good health and well-being for everyone
- Support young people to make the most of their potential
- Build ambition and encourage learning for life

We will continue to frame our budget allocations in line with preventative activities, making positive interventions that protect and build on existing foundations, including our commitment to children's rights.

### **3. Action and BEL allocations in the Health and Social Services Major Expenditure Group**

The Committee requests a breakdown of the 2023-24 Health and Social Services MEG allocations as relevant to children and young people by Spending Programme Area (where applicable), Action and Budget Expenditure Line (BEL) to include:

- a. Commentary on each of the Actions within the Health and Social Services MEG, including an analysis and explanation of changes from:
  - the Draft Budget 2022-23 to the First Supplementary Budget June 2022; and
  - the First Supplementary Budget June 2022 to the Draft Budget 2023-24.
- b. A description of any changes to baselines used in the Draft Budget 2023-24 that has been made from the First Supplementary budget June 2022.
- c. Indicative 2024-25 Health and Social Services MEG allocations as relevant to children and young people and any additional indicative allocations which can be provided.

## Budget Changes by BEL

The tables below (figure 2) illustrate the budget moves from the Final budget in 2022-23 to the Draft Budget for 2023-24 and 2024-25 and captures the changes in funding for Childcare & Early Years related areas.

Figure 2 – Budget Changes by Budget Expenditure Line for 2023-24 and 2024/25

ACTION	Delivery of Targeted NHS Services & Supporting Children			
	BEL	2022-23 Final Budget	Change	Draft Budget 2023-24
		£m	£m	£m
A Healthier Wales - Bel 060 (Early Years)		7.1	0	7.1
Support for Childcare & Play - BEL 310		96.851	3.000	99.851
Support for Children's Rights – BEL 311		1.020	0	1.020
Supporting Children BEL - 410		4.865	-1.000	3.865
Support for Families & Children - BEL 1085		6.720	-1.01	5.710
Children & Communities Grant (CCG) BEL 1087		0	171.045	171.045
<b>Total</b>		<b>116.556</b>	<b>172.035</b>	<b>288.591</b>

BEL 60 in the Delivery of Targeted NHS Services Action contains the original funding allocation made to support A Healthier Wales (AHW). As part of this budget provision there was baseline of £7m to support the Early Years (as at 1st sup budget 2021). This funding supports Speech, Language & Communication for Early Years, including specialist SLT Services, Early Years Transformation and Adverse Childhood Experiences.

The bulk of funding in the Supporting Children Action supports the childcare offer (which is subject to scrutiny by the CYP&E Committee). This action also contains funding for the Looked after Children Transition Grant (LACTG) which provides funding for a number of initiatives which improve outcomes for looked after children so that all children in care have the same life chances as other children. It also contains the Vulnerable Children budget which supports children who have been adopted to ensure they and their family have the necessary access to support services to begin their family life.

Changes in budget (above) for 23-24 are all included in the Supporting Children Action, a total budget increase of £172.035m, described as follows:

- £3m (net) increase in Support for Childcare & Play - BEL 310, relates to a net increase in budget from the planned £10m baseline increase, less £7m deduction for one-off funding from 22-23 (transfer from Reserves) which related to cost of living pressures.
- £1m decrease in Supporting Children BEL – 410, relates to removal of for one-off funding from 22-23 (transfer from Reserves) which related to cost of living pressures.
- £1.01m decrease in Support for Families & Children - BEL 1085, relates to the movement of budget into the CCG grant of £0.810m plus a net movement of £0.2m budget from reallocations to other Children’s policy areas.
- £171.45m for Children & Communities Grant (CCG) BEL 1087. This predominantly relates to the transfer into the HSS MEG of the majority of the existing CCG grant, from the Local Government MEG. This was £160.235m. Also included here are:
  - £0.810m moving from the Support for Families & Children - BEL 1085, as described above and;
  - £10m allocated from the Delivery of Core NHS Services Action, to support the expansion of Flying Start to help meet the Programme for Government commitment to deliver a phased expansion of early years provision to include all two-year-olds (Phase One), with a particular emphasis on strengthening Welsh medium provision.

## CAFCASS Cymru

Figure 3 – CAFCASS Cymru 2022/23 Final Budget and 2023/24 Draft Budget

ACTION	Cafcass Cymru			
	BEL	2022-23 Final Budget	Change	2023-24 Draft Budget
		£m	£m	£m
<b>Total Cafcass</b>		14.725	0.470	15.195

Cafcass Cymru is a demand-led operational service delivers a statutory service to the Family Court in Wales on behalf of Welsh Ministers. Cafcass Cymru practitioners work with nearly 11,200 of the most vulnerable children and young people in the family justice system, ensuring our interventions promote the voice of the child, is centred on their rights, welfare and best interests to achieve better outcomes for the child involved in the Family Justice System in Wales.

The organisation seeks to influence the family justice system and services for children in Wales, providing high quality advice to Ministers and ensuring the needs of Welsh families and children are reflected in process and policy developments.

Aside from staffing and running costs for the organisation, the budget provides grant funding to support separated parents, when directed by the Family Court, to have contact with their children. The budget also funds the provision of the Working Together for Children programme which supports parents who have separated, or are separating, to better manage their own behaviour to ensure the emotional, practical and physical needs and best interest of their children are paramount.

#### **Changes included with the Health and Social Care MEG in relation to CAFCASS Cymru Action:**

- Budget increase for 2023-24 of £0.470m in relation to salary cost increases for CAFCASS staff.

#### **4. Policy and legislation allocations Draft Budget 2023-24**

An update on allocations within the Health and Social Service MEG in the following areas of interest to the Committee including:

- Allocations to deliver all **Programme for Government** and **Co-operation Agreement** commitments relevant to children and young people and the CYPE Committee portfolio.
  - a. Details of the assessment made of the value for money and affordability of delivering these priorities and objectives and how their cost-effectiveness will be monitored.
  - b. Allocations across the Ministerial Portfolio as listed below and as relevant to children and young people and the CYPE Committee portfolio

##### **Children's Health**

- c. Public health as it relates to children and young people, including vaccination
- d. Obesity strategy
- e. Research and development in health and social care as it relates to children and young people specific
- f. Children and young people's mental health services, including perinatal mental health services
- g. Eating disorder services
- h. Suicide prevention as it relates to children and young people
- i. Substance misuse, including any assessment and associated costs in terms of reported rises in vaping among children and young people
- j. Autism services
- k. Patient experience, involvement and the citizen's voice

##### **Public health as it relates to children and young people Healthy Weight: Healthy Wales**

The delivery of Healthy Weight: Healthy Wales is being supported in 2022-24 by an allocation of £6.6m per annum. Across this period, children, young people, and adults will be supported in achieving and maintaining a healthy weight through a range of evidence-based programmes which have been developed with evaluation

built in to monitor success. Specifically, we are investing £2.9m into delivery of the All-Wales weight management pathway and are asking all Health Boards to develop a targeted pathway for children and young people. We have also allocated £600k to Public Health Wales to develop and support Children and Families Pilots which are taking place in three areas - Cardiff, Merthyr Tydfil and Anglesey. A core part of this approach is the implementation of a secondary prevention Home Based Intervention for families of children in the early years from 3 – 7 years of age in line with the foundation phase.

In addition, we have reprioritised the £7.2m annual **Prevention and Early Years funding** from April 2022, which is used by Directors of Public Health across all LHBs to specifically support interventions in the obesity and tobacco policy areas in line with our HWHW and Tobacco strategies.

Public Health Wales (PHW) have recently developed proposals to optimise **Welsh Network of Healthy Schools Scheme (WNHSS)** potential within the context of the new Curriculum for Wales and the health and education policy landscape. In October 2022 these proposals were tested and refined during a roundtable with regional and national strategic leaders across health and education.

The objectives of the roundtable were:

- To consider the role of schools in promoting the health and wellbeing of children and young people in Wales
- To review proposals for the future of the WNHSS and make recommendations for adoption or change.
- To consider the inter-relationship between the scheme and other programmes of work relating to health and wellbeing in education settings in Wales and make recommendations for strengthening alignment and avoiding duplication.

A timetable for next steps includes two distinct next phases to build on the stage one review:

Transformation of the WNHSS is a large process of change for schools, local and regional systems and national architecture of the programme and needs to be managed sensitively and carefully. The process will be evolutionary and, to ensure it is right, will take time. The proposed plan for transformation is described across three phases

- **Phase One (August 2022- December 2022): Testing review findings and scoping a programme of change.**
- Phase two (January 2023 – September 2023): Co-producing a new operational model with schools and other key stakeholders.
- Phase three (September 2023 – March 2024). During this phase PHW will focus on implementation of the new operational model

### **School Health Research Network (SHRN) Student Health and Wellbeing survey**

The SHRN Student Health and Wellbeing Survey, which takes places every two years, provides high quality data on the health and wellbeing of young people aged 11–16 in Wales. More than 120,000 students took part in the survey in 2021/22. A feasibility study is currently also being undertaken on extending SHRN and the

associated survey to the primary school sector.

## **Budget**

- Earlier this year, the Minister for Education and Welsh Language and Deputy Minister for Mental Health and Wellbeing agreed to jointly make available:
  - £433,019 in the 2022-23 financial year and £257,210 in the 2023-24 financial year for work on the SHRN Student Health and Wellbeing Survey in secondary schools
  - £438,982 in the 2022-23 financial year and £455,370 in the 2023-24 financial year for completion of a feasibility study on extending SHRN and the associated Student Health and Wellbeing Survey to primary schools
  - The budget is split between BEL 0231 Health Improvement & Healthy Working and the Whole Schools Approach programme within BEL 0270 Mental Health.

## **Value of SHRN**

- High quality data:
  - to monitor a range of health and wellbeing indicators (e.g. mental wellbeing, healthy lifestyles), used not only by Welsh Government but schools, local authorities and a range of partners such as Estyn, as well as for international comparisons
  - for schools to plan and monitor their own health and wellbeing policies and activities, particularly important in light of curriculum change in Wales
  - to inform the evaluation of Welsh Government priorities, such as the Whole School Approach to Emotional and Mental Wellbeing.
- A data infrastructure to facilitate data linkage studies and to assist with attracting research funding to Wales (e.g. the Wolfson bid had a theme designed around SHRN).
- Investment has allowed us to expand the reach of study, with the large sample size allowing further analysis of protected characteristics, something not possible with many existing data sets of this nature.
- The ability to extend this work to the primary school sector is helping to tackle a longstanding evidence gap.
- Working across policy areas in a joined up way is seen as being particularly important, given the important role school plays in the health and wellbeing of young people.

The Healthy Weight National Implementation board, which is chaired by the Deputy Minister for Mental Health and Wellbeing, has representation from the Youth Parliament to ensure that the actions and delivery mechanisms associated with Healthy Weight: Healthy Wales align with the needs of Children and Young people across Wales.

## Health and Care Research Wales

Health and Care Research Wales (HCRW) is investing heavily in research affecting children and young people. We fund CASCADE, which focuses on children's social care research, including looked after children, and DECIPHer, the public health research centre of excellence which focuses on the well-being and health behaviour of children and young people and incorporates the Schools Health Research Network (SHRN).

As part of the Health and Care Research Wales research development infrastructure, RDD has made increased investments in children's research through research centres such as the CASCADE Partnership, DECIPHer.

The Children's Social Care Research and Development Centre Partnership (CASCADE-Partnership) undertakes research related to looked after children and issues affecting children in social care. It currently receives annual funding from RDD of £0.515m.

The Centre for the Development and Evaluation of Complex Interventions for public health improvement (DECIPHer) undertakes research into healthy behaviours and the prevention of ill-health in children and young people, and runs the School Health Research Network (SHRN), an all-Wales. DECIPHer currently receives annual funding from RDD of £0.526m.

Through Research and Development Division (RDD) officials, Health and Care Research Wales remains open to active engagement with paediatric researchers to continue looking for ways to support capacity building in this important research area.

RDD also administers a range of Health and Care Research Wales-branded open and competitive funding schemes (offering PhDs, Fellowships, project-based funding and research time). The schemes, most of which have both health and social care arms, are aligned with Welsh Government policy priorities, with applications initially assessed on the basis of policy, practice and public need.

All funding schemes are open to child health and care researchers. Our most recent assessment shows that since 2014/15, Health and Care Research Wales has invested £3.7 million across 18 projects specifically related to children and young people's research (though these figures have almost certainly increased).

In order to stimulate paediatric research in Wales, Health and Care Research Wales fund Dr. Phillip Connor as a Wales-wide Research Specialty Lead for Children. Dr Connor's role is to champion paediatric research across the NHS, stimulating interest in uptake of research and bringing paediatric research studies to Wales

In addition, our National Centre for Population Health and Wellbeing Research has an early years and primary school focus as one of its two core work streams. A number of other research development infrastructure groups, such as clinical trials units, health economists and health informaticians (SAIL), are funded to collaborate with research groups seeking to win research funding from high-quality research funders (public, charitable and commercial) from across the UK and beyond.

## **Children and Young People's Mental Health Services**

We will continue to prioritise investment in mental health and wellbeing, demonstrated by the fact that despite ongoing budget pressures, we have protected the mental health and wellbeing aspects of the budget.

We will prioritise the implementation of the mental health workforce plan, for all age services, which includes NHS, local authorities and the voluntary sector. The development of this long-term plan for the mental health workforce is a key action in our Together for Mental Health Delivery Plan to support service improvements and to ensure a stable and sustainable mental health workforce.

Within the NHS Planning Framework 2023-2026, mental health and CAMHS has been defined as one of the Ministerial priorities and this will enable a vehicle for us to assess the impact of allocations.

Improving access to support, implementing the recommendations from the Delivery Unit's review of CAMHS and improving transitions from children and young people's mental health services to adult services will be a priority. We will also continue the roll-out and further development of 111 press 2 for urgent mental health support (all age). Will also continue to improve perinatal services in line with the Royal College of Psychiatry Standards and improve access to psychological therapies.

Following preparatory work with health boards, we will also implement a number of pilots to deliver the commitment in Co-operation agreement to test sanctuary provision for young people in crisis.

We will continue to invest in our whole system approach to improve mental wellbeing in schools. We will also continue to prioritise the NEST/NYTH Framework is a planning tool for RPBs to develop services based on what is needed for children and young people in their area. This Framework provides us with the tools to implement a Whole System Approach and is helping us deliver on our commitment to prioritise service redesign to improve prevention, tackle stigma and promote a no wrong door approach to integrated mental health support.

The budget will also support the continued implementation of the Liberty Protection Safeguards and preparatory work in the reform of the Mental Health Act.

### **Eating disorder services**

Welsh Government is committed to continued service improvement and an additional £2.5 million was allocated from 2022/23 to deliver eating disorder services and this ongoing funding will allow the consolidation of these services. This will support earlier intervention and achieving a 4 week wait for assessment. Welsh Government has also commissioned WHSSC to review eating disorder provision in Wales and to explore options for a specialist unit in Wales. The focus on specialist services is only one element of our broader approach. We continue to invest in a range of tier 0/1 support to provide early access to help and advice.

## **Suicide prevention as it relates to children and young people**

Our Together for Mental Health Strategy and our Suicide and Self-Harm Prevention Strategy are cross government and recognises the importance of the wider determinants that are protective of good mental health.

We have convened a new cross-Government Suicide and Self-Harm Prevention group to drive cross-Government working. The group has met three times this year.

In September 2019 we published 'Responding to issues of self-harm and thoughts of suicide in young people - guidance for teachers, professionals, volunteers and youth services'. Building on this we have commissioned Swansea University to explore issues of cyberbullying and the links with online expressions of suicide and self harm. Work has involved extensive consultation with children and young people to produce a cyberbullying 'toolkit' to support young people and teachers.

Using new data and information from the Real Time Suicide Surveillance System, we will continue to drive improvements in preventative work.

Over the next 12 to 18 months there is a commitment to engage further with children and young people to identify and develop resources for ongoing support so that we maximise our efforts to meet the needs of young people in this vital area. This work will inform the successor to Talk to me 2 strategy.

## **Substance misuse as relevant to children and young people**

Support for children and families is a priority within our Substance Misuse Delivery Plan 2019-22. In particular, we know through the work on ACEs that children who are raised in homes where substance misuse is an issue are, potentially, more likely to have adverse outcomes in later life. The Welsh Government is committed to ensuring that our services provide early intervention and prevention so that longer-term harms are prevented, before they occur.

Children of those affected by ACEs are at increased risk of exposing their own children to ACEs, creating a cycle of harm, which early intervention needs to focus on breaking. We have set clear actions to ensuring services are joined up and effective for families, in particular those who are "on the edge of care". The NSPCC have published data which shows a significant increase (72%) of referrals from their helpline in relation to parental substance misuse. New data by the children's charity reveals it made 572 referrals about this issue in the last 10 months to agencies in Wales – a monthly average of 58 referrals, which is 72% higher than pre-lockdown last year (6 January – 22 March 2020).

At an early stage in the pandemic we sought assurance from all Substance Misuse Area Planning Boards (APBs) that services and support for children and families remained in place, and significant work is being undertaken across government to alleviate the impact of Covid-19 on children and young people.

Through the APB Substance Misuse Action Fund the Welsh Government invests £2.75m ring fenced money for children and young people. Recognising the rise in demand for support, an additional £1m was allocated in 2022-23 increasing this allocation to £3.75m. In addition, this amount will increase to £5.25m and £6.25m in

2023-24 and 2024-25 respectively.

The Welsh Government also plans to continue investment of £1.98m per annum in the Wales Police Schools Programme, match funded by the four Welsh Police Forces. The programme delivers education on substance misuse and wider community and personal safety issues at all key stages of the curriculum amongst a range of other lessons.

The recent evidence from the charity Action on Smoking and Health which indicates that e-cigarette use by young people in the UK is increasing with use among children aged 11-17 rising from 4% in 2020 to 7% in 2022. In July, we published our new Tobacco strategy *A smoke-free Wales* where we set out our ambition for Wales to become smoke-free by 2030. We have historically had a cautious approach to e-cigarettes products in Wales given that the evidence on their long-term effects is developing and their potential appeal to children and young people. We are clear that e-cigarettes should never be used by children, young people and non-smokers.

In taking forward our strategy, we have made it clear that we intend to work closely with those affected by tobacco, including young people, to understand their motivations for smoking or for using e-cigarettes and what interventions and communications methods will work, for example in education settings. We are currently looking at the messages we share with young people on smoking and e-cigarettes as part of the new curriculum and the JustB programme which is targeted at secondary school pupils in the areas with highest smoking prevalence.

### **Neurodivergence services (Autism services)**

We continue to prioritise improvements in neurodivergence services, on 6 July I announced an additional £12m funding over three years up to March 2025, £4.5M is available in 2023-24 to deliver an improvement programme taking a whole systems approach focussing on early intervention, family support and sustainable assessment and support services. We will separately continue to support and develop the successful Integrated Autism Service and the National Autism Team which is supporting delivery of our improvement aims.

### **Patient Experience**

We are committed to ensuring that the people of Wales have a say in the way their health and social services are designed and delivered. We are supporting this commitment by ensuring the newly established Citizen's Voice Body for Health and Social Services, Wales (Llais), is allocated an operating budget of £5.5m per annum to effectively establish the organisation to meet the aims of representing the interests of the public in respect of health services and social services. Llais will be expected to involve the full range of citizens of Wales, including children and young people, in its activities and in a way that best suits the need of those communities. In addition, Llais will provide a complaints advice and advocacy service directly to children and young people that wish to complain about NHS services (complaints about social services functions will continue to be provided by the Local Authorities pursuant to section 178 of the Social Services and Well-being (Wales) Act 2014). With the £5.5m operating budget is specific funding for additional training in the area of

working with children and young people.

## **Programme for Government (PFG)**

Our four main PFG commitments supporting children and young people are as follows:

- Fund childcare for more families where parents are in education and training.
- Continue to support our flagship Flying Start programmes.
- Roll out baby bundles to more families.
- Prioritise investment in mental health.

All of these commitments are referenced in this paper and all are benefitting from increased funding allocations as part of this Draft Budget. All have been protected from any budget cuts and further investment is being made in the expansion of Flying Start.

These PFG commitments all have extensive monitoring and evaluation arrangements in place, many in line with existing Welsh Government Grant monitoring arrangements. Childcare and Flying start especially, are well established programmes with embedded monitoring and reporting mechanisms already in place. Each PFG commitment has a Deputy Director allocated to lead on its implementation and delivery. There will also regular reporting requirements against the full PFG programme.

### **PfG - Early Years and Childcare**

Within the HSS MEG allocation, the budget for Early Years and Childcare has been protected, with £10m additional funding in 2023-24 and 2024-25 for the expansion of Flying Start. Funding will be allocated to support our Programme for Government commitments on Early Years and Childcare, which includes supporting more families with the costs of childcare where parents are in education and training, and increasing early years provision to include all two year olds, with a particular emphasis on strengthening Welsh medium provision. Alongside the impacts on early years, we have also recognised the disproportionate effect on gender particularly linked to childcare. Our Childcare Offer already provides 30 hours of funded education and childcare to working parents of 3 and 4 year olds for 48 weeks a year.

## **5. Children's Social Care**

- a. Children's and young people's rights and entitlements, including the UN Convention on the Rights of the Child
- b. Safeguarding, including any implications arising from the publication of the final report by the Independent Inquiry into Child Sexual Abuse and the Welsh Government's 2019 National Action Plan on preventing and responding to child sexual abuse
- c. Adoption and fostering services

- d. Children and young people's advocacy
- e. Early years, childcare and play, including the Childcare offer and workforce
- f. Early childhood education and care
- g. Flying Start for children 0-3
- h. Families First and play policies

## **Children's Rights**

We are committed to the principles of the United Nations Convention on the Rights of the Child (UNCRC). Children's rights underpin our ambition for each and every child to have the best start in life and to fulfil their potential.

### **Early years, childcare and play, including the Childcare Offer and workforce**

The **Childcare Offer for Wales** revenue budget in 2023-24 has been protected, including the PfG commitment on expanding funding Parents in Education and Training, improving take-up rates, and a rate rise from April 2022. This commitment recognises the value of education and training in supporting parents to improve their employment prospects. Findings from the latest evaluation report indicate that the Offer continues to have a positive impact, helping parents financially and enabling them to balance the demands of work and family life.

ESF funding will come to an end in 2023 but the need to support the **workforce** to upskill will continue, particularly given the expansion of government funded childcare to all 2 year olds planned for this Senedd Term. A replacement scheme will need to be developed to provide the same level of support to the sector during this period of growth. The £2m for 2023-24 and for 2024-25 reflect this continuing need and the end of ESF funds.

The **CWLWM** consortium comprises five organisations representing different parts of the childcare and play sector in Wales. Along with **Play Wales**, they are key partners in terms of delivery of Welsh Government priorities and provide invaluable support to their members and non-members in the form of guidance, training and information on all matters relating to play, national standards for regulated childcare, registration and regulation and sustainability/setting management. Both received budgetary increases in 2022-23 which have been maintained to reflect their continuing importance.

Following a successful pilot, the Programme for Government includes a commitment to roll out of the **baby bundle** to more families in Wales. This project aims to provide a universal gift from the Welsh Government to expectant parents living in Wales of a bundle of key items for their new-born baby. The budget is £6m in 2023-24.

### **Safeguarding services**

Funding for Safeguarding primarily supports the implementation of the Social Services and Well-being (Wales) Act 2014 and promotes a preventative agenda to improve well-being outcomes for children and adults at risk, reflecting the need to adopt a child-centred approach built on collaboration to meet the care and support

needs of children, support them to stay with their families where it is safe to do so and to protect children from abuse and neglect. In order to promote these aims funding supports Safeguarding Policy Development and Implementation across a range of child protection areas including child sexual exploitation and child sexual abuse, Reducing Restrictive Practices, and continued work to support Covid-19 recovery through information, advice and support for children and young people, parents/carers, practitioners and the public.

Safeguarding funding also supports the work of the National Independent Safeguarding Board, which provides support to the Regional Safeguarding Boards and advice to Ministers about the effectiveness of safeguarding arrangements in Wales. Together, the operation of the regional and National boards secures that measures are in place to support consistent evidence-based practice to safeguard children across agencies and across Wales.

### **Advocacy services**

The National Approach to Statutory Advocacy (NASA) is a standardised approach to statutory advocacy services being delivered by the six Regional Social Services Collaboratives, reinforcing and securing a consistent offer and experience for children and practitioners. It has been in place since June 2017. The implementation of NASA is monitored by Regional Fora which follows the footprint of the Regional Safeguarding Boards, overseen by a National Forum chaired by Welsh Government and a Local Authority Head of Children's Services. The funding element from Welsh Government will continue (up to £550k each year).

MEIC is the national information, advice and advocacy helpline providing children and young people with a single point of contact via Freephone, instant messaging and text. The Welsh Government does not deliver this activity directly but contracts with Pro-Mo Cymru. Following a procurement exercise in June 2022, a new Contract was issued to Pro-Mo Cymru to cover the period 1 July 2022 to 30 June 2026.

### **Adoption services**

Investment will be directed towards local authorities and third sector organisations to continue to strengthen the provision of adoption services in Wales. Providing effective and tailored adoption support to adoptive families is paramount in supporting the prevention of adoption disruptions and breakdowns, thus reducing the possibility of children re-entering the care system, as far as possible. Investment will also be directed at increasing the number of adopters, contact, keeping siblings together, enhancing matching and placement processes to ensure children who cannot return to live with birth families, are placed as soon as possible, with suitable 'permanent families' that meet their specific needs.

### **Fostering services**

Funding will continue to be directed at supporting the fostering sector to deliver a programme of work which will empower the fostering community to improve well-being outcomes for looked after children and young people within the national well-

being framework. Investment will also be directed to support the Programme for Government commitment to support the national fostering scheme in Wales - Foster Wales. Funding will be utilised to implement a number of recruitment campaigns which will be targeted to meet service needs, as well as further embedding the programme of work undertaken during 2021. The recruitment of foster carers is key to the success and development of local authority fostering and the brand will help local authorities to eliminate profit and improve on the quality of placement of choice for children in care.

### **Policy and oversight of the provision of all social service activities of Local Authorities in Wales**

Local authority social service provision continues to be monitored on a monthly basis via the Social Services Checkpoint report. This provides data around the number of contacts, the number related to safeguarding, children receiving care and support, and children looked after.

In addition to this, the 'measuring activity and performance' data of the Performance and Improvement Framework for social services will be published on 21st December 2022. This data provides an annual summary of the activity of local authority social services across Wales.

### **Young carers and young adult carers**

Both young carers and young adult carers will be able to benefit from the £1.245m of funding annually, which we are committing to support unpaid carers of all ages in 2023-24. This will support delivery of actions in the Unpaid Carers Strategy for Wales and its associated Delivery Plan, which was launched in 2021. This will be alongside funds in the Sustainable Social Services Third Sector grant scheme (2020-25), and support via Regional Partnership boards and their funding streams.

### **Families First**

Families First is designed to improve outcomes for children, young people and families. It places an emphasis on early intervention, prevention, and providing support for whole families, rather than individuals. The programme works with the whole family to stop problems from escalating towards crisis.

The programme promotes multi-agency working to ensure families receive joined-up support when they need it. This is known as the 'Team Around the Family' (TAF) approach. An evaluation of Families First showed that TAF was one of the key successes of the programme, enabling families to feel more empowered to take control to improve their family outcomes.

Families First is one of six programmes within the Children and Communities Grant (CCG) which focus upon early intervention and prevention (Flying Start is also included in the CCG).

Prior to the introduction of the CCG in April 2019, Families First received a dedicated annual financial award of £37.6m in 2018-19.

We have provided an additional £40m revenue up to 2024-25 for early help and support including for Families First recognising the importance of supporting more children and families across Wales.

### **Early Years Integration Transformation Programme**

The Early Years Integration Transformation Programme is focussed on developing a more joined-up, responsive early years system that puts the unique needs of each child at its heart, which covers the period of life from pre-birth to the end of the Foundation Phase (0-7).

We have been working with PSBs across Wales to explore how to deliver early years services in a more systematic way, applying the lessons from our existing programmes such as Flying Start and Families First.

The majority of the PSBs are now engaged in the programme as pathfinders. We are investing £6m in 2023-24 to support PSBs across all Health Board regions in Wales, as they test the core components for an early years system and pilot different multi-agency delivery models and approaches, building on what works well in existing programmes such as Flying Start and Families First. The budget tapers in FY2024-25 in line with the work-programme for the pilot.

The learning from the work being taken forward by the pathfinders PSBs will help inform the development of a national framework, which will set out the key components for an early years system and will provide a solid foundation for the future delivery of all our early years programmes and policies.

### **Early Childhood Education and Care**

Our **Early Childhood Education and Care (ECEC)** vision for Wales means removing the artificial divide between education and care settings, ensuring all settings which deliver ECEC contribute to a child's wellbeing and development on an equal basis – one single system with the child at the heart. This means looking at the quality of the provision, how we can ensure as many children as possible can access high quality provision and what we need to do to support our workforce. The Welsh Government is embarking upon a journey to adopt an Early Childhood Education and Care (ECEC) approach in Wales for children aged 0-5.

#### **Flying Start for children under 4**

Flying Start is a Programme for Government (PfG) Commitment. The Flying Start programme was developed based on evidence of 'what works' in providing children with the best start in life. There are four core components including funded, part-time, high-quality childcare, enhanced health visiting, parenting support and speech, language and communication support.

Our Programme for Government commits us to continue our support for our flagship Flying Start programme. And, in line with the Co-operation Agreement with Plaid Cymru, we have extended this commitment to deliver a phased expansion of early years provision to include all two-year-olds, with a particular emphasis on

strengthening Welsh-medium provision

The roll out of phase one of the expansion has now started, and includes all Flying Start services being offered to around 2,500 additional children under four. This is the first step towards our ambitious commitment to expand funded childcare to all two-year-olds, as set out in the Co-operation Agreement between the Welsh Government and Plaid Cymru.

We expect Phase 2 to support thousands more additional 2-year-olds with access to high quality childcare. Draft guidance for Phase 2 has been shared with local authorities for comment. They will be required to share their plans for delivery with us in January 2023.

### **Speech, Language & Communication – Early Years**

We know Speech, Language and Communication (SLC) development is an important predictor of later progress in literacy. Children's poor SLC skills have an impact on a wide range of outcomes including behaviour and mental health, wellbeing and employability. That is why we have prioritised children's speech, language and communication skills as they are essential for positive long term outcomes. The Talk With Me: Speech, Language and Communication (SLC) Delivery Plan, seeks to drive improvement in the way in which children in Wales are supported to develop their SLC skills.

We are protecting our investment in 2023-24 to support the commitments in Talk with me the Speech, Language and Communication Delivery Plan to deliver our overarching commitment to improve outcomes for children through a fresh approach to promoting and supporting children's speech, language and communication needs.

### **6. Detailed information on allocations in respect of children looked after and associated prevention and support measures**

The Committee requests detail information on the allocations within the overall Draft Budget 2023-24 as relevant to our recently launched inquiry Services for care experienced children: exploring radical reform, including:

- Before care: Safely reducing the number of children in the care system. Including allocations for family support, edge of care services and parental advocacy.
- In care: Quality services and support children in care. Including discussions with the Minister for Finance and Local Government about the potential rising costs of children's social care and mitigating any impact on children
- After care: On-going support when young people leave care including the latest position on the basic income pilot and on funding for When I am Ready in foster care.

### **The Social Care Reform Fund**

The Social Care Reform Fund was introduced in April 2022 to support activity to promote reform and improvement in social care, to complement the funding provided

in the Local Government settlement. The Social Care Reform Fund is used to support the reform of Social Care, to improve delivery and increase the sustainability of services across the social care sector. The funding will be used to help deliver the Programme for Government commitments to reform social care for looked after children and to protect, re-build and develop our services for vulnerable people.

Our Programme for Government contains a number of commitments that set out our vision for children's services in Wales. Our ambition is for whole system change and, at its heart, we want to see more children and young people being enabled to live with their families and in their home neighbourhoods with many fewer needing to enter care. We also want to ensure the period that young people are in care is as short as possible.

We are committed to keeping families together. Our vision is to redesign how we look after children and young people so we can do the best for our young people, their families, and communities by providing services that are locally based, locally designed and locally accountable. It is about putting in place the right type of care for each child: reforming and joining up services for looked after children and care leavers, providing additional specialist support for children with complex needs and better supporting those who care for children.

The increase in the Social Care Reform Fund of £10m to £52m in 2023-24 and reallocation of the total available funding will be used to enhance the support provided to the Programme for Government Commitments to deliver our vision for children's services in Wales. Funding has been awarded to Local Authorities to support proposals to deliver these commitments.

### **Eliminating profit from the care of looked after children**

As part of the Co-operation Agreement between the Welsh Government and Plaid Cymru, there is a clear commitment to 'eliminate private profit from the care of children looked after' as a key component of this radical agenda.

The allocation in the Social Care Reform Fund for eliminating profit from the care of looked after children has increased from £10m in 2022/23 to £16m in 2023/24.

Feedback from children and young people suggests they have strong feelings about being cared for by privately owned organisations that make a profit from their experience of being in care. The Welsh Government does not believe there should be a market for care for children, or that profits should be made from caring for children facing particular challenges in their lives and intends to bring forward legislation to end this. This means the future care of children that are looked after in Wales will be provided by public sector, charitable or not-for-profit organisations.

Our aim is to ensure that public money invested in the care of children looked after does not profit individuals or corporate entities, but instead is spent on children's services to deliver better experiences and outcomes for children and young people, addressing service development and improvement and further professional development for staff. We intend to focus, in the first instance, on children's residential care and foster care.

Over the remainder of this Senedd term we need to focus on working with care experienced children, local authorities and partners to increase public and not for profit provision so there is a strong foundation to make a transition to not-for-profit care that meets the needs and entitlements of children and young people.

## **Radical Reform**

The allocation in the Social Care Reform Fund for radical reform of children's services has increase from £3m in 2022/23 to £10m in 2023/24.

We have committed through our Programme for Government to explore radical reform of current services for looked after children and care leavers in order to deliver a new vision and ambition for children's services, based on consistent practice, less risk averse behaviours and national restorative approaches adopted across Wales. Achieving this vision is not solely the responsibility of local authorities; it requires partnership working across public services and third sector organisations.

The programme will deliver preventative interventions for families with children on the edge of care including parental advocacy services, family group conferencing, Family Justice reform and a national practice framework. It will also require greater intervention and support for local authorities who are not delivering on our ambition to substantially reduce the number of children in care and this has been the focus of recent Ministerial visits to local authorities and will continue to be so for the remainder of these visits.

## **Cross-government/sector working on prevention**

Maintaining our flagship Flying Start programme is a Programme for Government (PfG) Commitment. The Flying Start programme was developed based on evidence of 'what works' in providing children with the best start in life. There are four core components including funded, part-time, high quality childcare, enhanced health visiting, parenting support and speech, language and communication support.

We are continuing to invest in our flagship Flying Start programme which reaches around 36,000 children under four, living in some of the most deprived areas across Wales. The evidence shows it is making a difference to those children who access the programme. Core revenue budgets have been protected for early help and support including for Flying Start, recognising the importance of supporting more children and families across Wales and to ensure we support our youngest children to have the best start in life. However, as planned we are seeing the end of additional funding for the Child Development Fund and our Early Help initiative. This funding was provided as a short term intense response to the pandemic and is ending in line with workplans.

Within the updated Programme for Government (PfG) and following the Co-operation Agreement the Welsh Government has committed to deliver a phased expansion of early years provision to include all two year olds, with a particular emphasis on strengthening Welsh medium provision. Phase 2 of the expansion will take place

during 2023-24 and 2024-25. It will build on the expansion of Phase 1, where we are extending Flying Start provision to an additional 2,500 children, with the additional provision beginning in September 2022. Further expansion is planned within 2023-24.

### **Early Years Integration Transformation Programme**

The Early Years Integration Transformation Programme is focussed on developing a more joined-up, responsive early years system that puts the unique needs of each child at its heart, which covers the period of life from pre-birth to the end of the Foundation Phase (0-7).

We have been working with PSBs across Wales to explore how to deliver early years services in a more systematic way, applying the lessons from our existing programmes such as Flying Start and Families First.

The majority of the PSBs are now engaged in the programme as pathfinders. We are investing £6m in 2023-24 to support PSBs across all Health Board regions in Wales, as they test the core components for an early years system and pilot different multi-agency delivery models and approaches, building on what works well in existing programmes such as Flying Start and Families First.

### **Speech, Language & Communication – Early Years**

We know Speech, Language and Communication (SLC) development is an important predictor of later progress in literacy. Children's poor SLC skills have an impact on a wide range of outcomes including behaviour and mental health, wellbeing and employability. That is why we have prioritised children's speech, language and communication skills as they are essential for positive long term outcomes. The Talk With Me: Speech, Language and Communication (SLC) Delivery Plan, seeks to drive improvement in the way in which children in Wales are supported to develop their SLC skills.

We are protecting our investment in 2023-24 to support the commitments in Talk with me the Speech, Language and Communication Delivery Plan to deliver our overarching commitment to improve outcomes for children through a fresh approach to promoting and supporting children's speech, language and communication needs.

### **Real Living Wage**

The Real Living Wage allocation will be around £70m in 2023-24. The uplift will apply to registered workers in care homes and domiciliary care (both adults and children's services) and registered domiciliary care workers in supported living settings. It will also be received by all personal assistants funded through a local authority direct payment.

## **7. Costs of legislation**

- Implementation of the Children (Abolition of Defence of Reasonable Punishment)

(Wales) Bill in its first year in force and any adjustments to allocations made in light of the first year of implementation.

### **2022-23 update**

The Children (Abolition of Defence of Reasonable Punishment) (Wales) Act 2020, came into force on 21 March 2022.

During the 2022-23 financial year to date, the implementation work has focused on awareness raising; administration of the Out of Court Parenting Support Grant; and data collection, monitoring and social research to inform the post-implementation review of the legislation.

**Awareness raising:** As briefed for budget scrutiny last year, the budget allocation for the ending physical punishment campaign in 2022-23 is £400,000, and we expect to spend the full allocation. This is a significant reduction from the budget allocation for 2021-22, when a focus was required on extensive awareness raising, and engagement with under-represented groups, before the law change came into force. Sustained awareness raising is still important to help deliver the policy objective of reduced incidence of physical punishment of children, and an increase in support for the principle that all physical punishment of children is unacceptable. We continued engagement with under-represented groups (which had been part of our engagement strategy for the previous three years) in the early part of the financial year, but have gradually reduced these engagement levels and will review the findings from our engagement to inform future activity.

In addition, £400,000 has been allocated to the *Parenting. Give it Time* campaign to increase the capacity to communicate messages about positive parenting and positive alternatives to physical punishment. The *Parenting. Give it Time* campaign has and continues to provide parenting information, advice and support through a dedicated website, digital advertising and social media channels. Following the lifting of Covid related restrictions, a *Parenting. Give it time* roadshow has also visited various locations across Wales, working with the local parenting workforce to reach and provide information and advice to parents and carers in the local area.

**Out of Court Parenting Support:** We worked closely with the police, local authorities and other key stakeholders to work up proposals for a diversion scheme which would enable the police to refer individuals to local authorities to offer tailored parenting support, as a condition of an out of court disposal. The Welsh Government has allocated £810,000 grant funding to enable local authorities to provide this support. Data is being collected to understand more about how the grant is utilised, including numbers of referrals through the scheme, and this will be published when available and quality assured. Comprehensive guidance was produced in consultation with local authorities and the police, and this can be found here:

[Out of Court Parenting Support Grant: guidance | GOV.WALES](#)

**Data collection, monitoring and evaluation:** Our arrangements for data collection and monitoring do not incur a budget cost, as data collections and analysis are being managed by Welsh Government staff, with input from our partners in local authorities, police forces and Crown Prosecution Service.

We have commissioned research to track awareness levels and attitudes towards physical punishment, through the Beaufort omnibus (fieldwork carried out November 2022); estimated cost of this survey and report is less than £10,000 in 2022-23.

### **2023-24 anticipated expenditure:**

The forward work programme will continue to focus on awareness raising and engagement; out of court parenting support; and data collection, monitoring and evaluation.

The budget allocation for the implementation work in 2023-24 is up to £1,260,000, made up of:

- Up to £400,000 for awareness raising and engagement
- Up to £810,000 for out of court parenting support grant
- Up to £50,000 for research and evaluation, including the regular awareness tracking survey and report, and possible additional qualitative research which will explore the impact of the legislation on those potentially affected by it.

**Awareness raising and engagement:** Up to £400,000 has been allocated in recognition of the importance of ensuring that as many people as possible across Wales are aware of the law change.

Regular tracking of awareness levels carried out by our communications agency via omnibus survey, indicates that our *Ending Physical Punishment* has been successful in attaining high levels of awareness. In light of this, we are considering whether we can make some savings in funding earmarked for general awareness raising, but will continue to carry out targeted communications in specific areas and for specific groups. For example, we know from other countries that it is important to continue to ensure information and advice is available to new parents, and to newcomers to the country. It is possible, therefore, that the expenditure on awareness raising and engagement will be less than £400,000, as targeted communications generally costs less than mass communications, but we will be monitoring the situation carefully.

**Out of court parenting support:** Indicative funding of £810,000 per year has been allocated for out of court parenting support through to 2024-25, to enable us to review whether the funding has been pitched at the right level to help make the diversion scheme successful.

It is too soon as yet to reach any conclusions about this. The scheme needs some time to bed down, and we need to collect a few years' data to assess the outcomes of the scheme.

It should be noted that if the additional parenting support procured through the grant is more than required to support the out of court parenting support delivered alongside an out of court disposal offered by the police, then that additional capacity is available to support the wider parenting support offered by the local authority. As such, the grant supports the policy objectives of the law change by promoting positive parenting, including how to provide guidance and discipline through positive alternatives to physical punishment.

**Research:** Up to £10,000 of the £50,000 budget allocation for research will be used for the annual omnibus tracking survey and report. The remainder will be available to support the possible procurement of qualitative research with practitioners to explore

how the change in law has affected frontline delivery, if at all.

- Financial implications or anticipated in 2022-23 and 2023-24 of any subordinate legislation relevant to children and young people within the Minister's portfolio.
- Information on the financial impact of any relevant UK Parliament legislation.

## **8. Impact of the cost of living on Draft Budget 2023-24 allocations**

Information on the anticipated impact of the cost of living on the Health and Social Services MEG in 2023-24 and the Minister's broader policy responsibilities for:

- The delivery of services to children and young people by the Health Boards in Wales and the impact of the rising costs of energy on this provision.
- Policy and oversight of the provision of all social service activities of Local Authorities in Wales and any associated discussions with the Minister for Finance and Local Government, specifically:
- The impact of the costs of living on children's safeguarding services both in terms of potential increased needs and any increased costs associated with service delivery
- Impact of the costs of living in terms of the delivery of children's social care, for example the increased costs of residential and foster care; the increased costs of living for households supporting Kinship Care arrangements or Special Guardianships.

### **Cost of Living**

The Welsh Government recognise the impact of the cost-of-living crisis on the health and well-being of the population, and we are doing everything we can to support people through this cost-of-living crisis by providing targeted help to those who need it the most and through programmes and schemes which put money back in people's pockets. In this financial year, this is worth some £1.6bn across the totality of the Welsh Government budget.

The draft budget allocations will continue to offer support to those in the most need, through a variety of gross government programmes and schemes. For example, we will continue to offer Healthy Start vouchers to provide extra support to purchase healthy fruit and vegetables during pregnancy and for parents of young children. We will also continue to invest in our whole system approach to improve mental well-being in schools and easy to access mental health support, for instance our CALL helpline and online therapy.

Cabinet have agreed in the draft budget to maintain funding for the Discretionary Assistance Fund at current levels for the next two financial years (£38.5million), providing an additional £18.8million per annum on to the baseline budget. The Minister for Social Justice is exploring policy options regarding the current flexibilities and the operation of the new contract beginning in April 2023 and will make an announcement when plans are finalised. Partners report this fund is an essential lifeline, particularly during the cost-of-living crisis. Since April 2022 it has provided nearly £20million of support to our most financially vulnerable, which includes support for off-grid fuel payments.

There will continue to be collective efforts to put money back into people's pockets, through programmes like the free childcare offer, universal free school meals as well as maintaining existing support, such as free prescriptions.

We recognise the impact being out of work can have on the well-being of the

workforce, and our draft budget will enable us to provide continued In-Work Support until March 2025 that builds upon the current European funded In-Work Support Service to expand the support from its current delivery in North and Southwest Wales to all of Wales from April 2023. This will enable a greater number of people who are absent from work, or at risk of becoming absent due to their physical or mental ill-health, to receive free occupational health support to remain in work.

We are also providing continued employability support for people who are recovering from mental ill-health and/or substance misuse and who are out of work. This peer mentoring support is being provided until March 2025 and will help the most marginalised people furthest from the labour market into sustainable employment, raise household income and provide a route out of poverty bringing security to individuals, families and communities.

The draft budget provides for the continuation of our successful Carers Support Fund. Established in 2020, the fund aims to mitigate the financial impact of the rising cost of living on unpaid carers via direct grants and the development of local support services. The fund has proven successful in reducing immediate financial hardship whilst also linking more unpaid carers to ongoing support. Since its launch it has benefitted over 10,000 unpaid carers. In 2021- 22, 33 per cent of beneficiaries were previously unknown to services. In some areas this figure was as high as 70 per cent. Therefore, via this scheme, more unpaid carers are accessing preventative support to improve their mental health and well-being.

The cost-of-living crisis is having a real impact on the carers of our vulnerable families in Wales. There have been several press articles and a campaign by the Fostering Network outlining that many foster and kinship families could be forced to give up the children in their care up if they are not given extra support.

Welsh Government welcomes the Fostering Network research around the full costs of caring for a child in foster care. We believe that those who care for our care experienced children should be adequately resourced to cover the costs of the children in their care. We commissioned a comprehensive review of the National Minimum Allowance, which is the basic core allowance that foster and kinship carers receive to cover the costs involved in looking after the children in their care. It is intended this will set a benchmark for payment rates to all foster and kinship carers. The review included looking at the actual costs associated with caring for a child, and the impact on a foster family's ability to earn or meet the needs of all children within the house. We are currently considering the findings from the review in order to determine future payment rates.

Working alongside Foster Wales we are looking at how we can harmonise the support available to foster and kinship carers so there is a consistent offer of support for carers across Wales. This will include looking at how local authorities can support some financial commitments such as providing council tax reductions and accessing leisure facilities to further support families.

We have recently undertaken a review of the core offer of support, including financial support, available to Special Guardianship families in Wales. We are currently reviewing these findings and will be setting up a Strategic Implementation Board to take the recommendations forward from 2023/24.

## **Real Living Wage**

Introducing the Real Living Wage for social care workers has been a priority for the Welsh Government and a key commitment in our programme for government to build an economy based on the principles of fair work, sustainability and the industries and services of the future. Delivering improved pay through the uplift of the Real Living Wage included in our draft budget will help to address low pay associated with the sector, support the cost-of-living crisis and increase the attractiveness of social care work. The Real Living Wage makes a difference to lives and livelihoods and it is the difference that ensures work pays and living costs can be met.

Paper 10a - Commentary on each of the Children's budgets  
 Actions within the Health and Social Services MEG, including an  
 analysis and explanation of changes between the Final Budget  
 2022-23 and the Draft Budget 2023-24

**Annex A**

**Children, Young People & Education Committee - Date: 18<sup>th</sup> January 2023**

**Commentary on each of the Children's budgets Actions within the Health and Social Services MEG, including an analysis and explanation of changes between the Final Budget 2022-23 and the Draft Budget 2023-24.**

<b>Action: Delivery of Targeted NHS Services BEL 060 – AHW Early Years allocation</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
7.1	-	7.1	3.8	-	3.8

BEL 60 in the Delivery of Targeted NHS Services Action contains the original funding allocation made to support A Healthier Wales (AHW).

As part of this budget provision there was a baseline of £7m to support the Early Years (as at 1<sup>st</sup> sup budget 2021).

As part of the £28m uplift in Draft budget for Childcare & Early Years set out in 22-23, £11.5m was initially allocated to BEL 60. There have been various budget transfers out to the Children & Communities Grant, now part of the HSS MEG, and the budget for 24-25 represents the balance remaining.

<b>Action: Supporting Children</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
111.256	170.235	281.491	112.106	177.685	289.791

The bulk of funding in this action supports the childcare offer (which is subject to scrutiny by the CYP&E Committee). This action also contains his action funding for the Looked after Children Transition Grant (LACTG) which provides funding for a number of initiatives which improve outcomes for looked after children so that all children in care have the same life chances as other children. It also contains the Vulnerable Children budget which

supports children who have been adopted to ensure they and their family have the necessary access to support services to begin their family life.

## Explanation of Changes to the Supporting Children Action

### MEG to MEG transfers (Recurrent)

- **£160.235m (23-24) and £167.685m (24-25)** – Recurrent transfer of Children & Communities Grant funding into HSS MEG.

### Budget adjustments within HSS MEG for 23-24 and 24-25

- **£10.000m** – Additional funding allocated to Flying Start to support expansion. Recurrent adjustment Action to Action within HSS MEG.

<b>Action: CAFCASS Cymru</b>					
<b>Final Budget 2022 (2023-24) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2023-24) £m</b>	<b>Final Budget 2022 (2024-25) £m</b>	<b>Change £m</b>	<b>Draft Budget 2023-24 (2024-25) £m</b>
14.725	0.470	15.195	17.725	0.470	15.195

Cafcass Cymru is a demand-led operational service delivers a statutory service to the Family Court in Wales on behalf of Welsh Ministers. Cafcass Cymru practitioners work with nearly 11,200 of the most vulnerable children and young people in the family justice system, ensuring our interventions promote the voice of the child, is centred on their rights, welfare and best interests to achieve better outcomes for the child involved in the Family Justice System in Wales.

The organisation seeks to influence the family justice system and services for children in Wales, providing high quality advice to Ministers and ensuring the needs of Welsh families and children are reflected in process and policy developments.

Aside from staffing and running costs for the organisation, the budget provides grant funding to support separated parents, when directed by the Family Court, to have contact with their children. The budget also funds the provision of the Working Together for Children programme which supports parents who have separated, or are separating, to better manage their own behaviour to ensure the emotional, practical and physical needs and best interest of their children are paramount.

## Explanation of Changes to the CAFCASS Cymru Action

### Budget adjustments within HSS MEG for 23-24 and 24-25

- **£0.470m** – Budget increase for staff related costs. Recurrent technical adjustments Action to Action within HSS MEG (budget commitment realignment).

Paper 11 - Local Government and Housing Committee –19  
January 2023 – written evidence by the Minister for Climate  
Change

**Local Government and Housing Committee**

**Date: 19 January 2023**

**Title: Welsh Government draft budget scrutiny 2023-24**

**Introduction**

The Draft Budget includes spending plans for 2023-24 to 2024-25. This paper provides evidence to the Committee on the future programme budget proposals in relation to Housing, Regeneration and Land budgets as outlined in the Draft Budget which was laid on 13 December 2022.

Annex A provides a breakdown of the relevant Draft Budget figures for the Climate Change Main Expenditure Group (MEG) by Spending Programme Area, Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.

**Financial Tables**

	<b>2022-23 Final Budget £'000</b>	<b>2023-24 Draft Budget £'000</b>	<b>Change £'000</b>	<b>2024-25 Draft Budget £'000</b>	<b>Change £'000</b>
Revenue	237,508	249,648	12,140	256,148	6,500
Non Cash	0	0	0	0	0
<b>Total Resource</b>	<b>237,508</b>	<b>249,648</b>	<b>12,140</b>	<b>256,148</b>	<b>6,500</b>
<b>Capital</b>	<b>697,500</b>	<b>834,000</b>	<b>136,500</b>	<b>865,500</b>	<b>31,500</b>

*\*No financial transactions capital have been allocated as part of the Draft Budget. Allocations will be considered and made as part of the Final Budget .*

## **Allocations made to support Programme for Government Commitments**

The Housing Directorate supports the delivery of a number of Programme for Government commitments. In accordance with Welsh Government budget management principles, allocations to support the delivery of these commitments have been targeted towards interventions that are affordable and offer value for money. Details of the allocations and the PfG commitments they support are provided throughout this paper.

A Strategic Integrated Impact Assessment was published alongside our Draft Budget on 13 December; this sets out how our interventions have been targeted to address economic, climate and other impacts. Allocations have been made throughout this portfolio to address impacts that have been identified and with the principles of the Wellbeing of Future Generations Act in mind; these details are provided throughout this paper.

### **Homelessness – Revenue allocation of £46.147m in 2023-4, a further £5m in 24-25**

#### **Housing Support Grant – Revenue allocation of £166.8m in 2023-24 and 2024-25**

Fundamental reform of homelessness services to focus on prevention and rapid rehousing is a key priority in the Programme for Government which commits to “**Reform housing law and implement the Homelessness Actions Group’s recommendation to fundamentally reform homelessness services to focus on prevention and rapid rehousing**”. Reform of the Housing system offers the opportunity to contribute significantly to a fairer and more equal Wales.

Additional revenue funding of £10m in the Homelessness Prevention budget will boost investment in homelessness prevention and relief interventions across Wales, support local authorities to continue our ‘no-one left out’ approach, as well as continue to support the development of a **national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who are at risk of homelessness** through the extension of our National Leasing Scheme. We have already begun work to meet our objective to fundamentally reform homelessness services to focus on prevention and rapid rehousing and a White Paper will be published next year. Additional investment in homelessness prevention delivers on key policy objectives, reduces pressures on other public services and improves outcomes for individuals and families. The continued and increased focus on preventative measures through the Housing Support Grant and Homelessness Prevention Grant is therefore vital.

Our support will ensure we have a system which places the right people in the right homes in the right communities with the right support, in order for people to succeed and thrive. The legislative, policy and funding framework needs to be reformed and aligned to achieve this. The pandemic undoubtedly accelerated aspects of the wider transformation to homelessness services, mostly in respect of the policy considerations regarding priority need. To ensure the continuation of the ‘no-one left out’ approach, we recently introduced transitional legal arrangements, as part of the longer-term transformation away from priority need and to a system focused on prevention and rapid re-housing. Whilst this approach ensures no-one is forced to sleep rough in Wales, it is resulting in unprecedented numbers of people being supported with temporary accommodation – 8,652 people as at 30 September 2022, which places considerable resourcing pressures on local authorities.

The additional funding will therefore support local authorities with increasing homelessness prevention measures to try and reduce the flow of people needing

temporary accommodation. It will also assist with the costs of temporary accommodation in order to continue the 'no-one left out' approach during the transitional period, prior to wider legislative reform and the transition to a rapid rehousing approach. Officials will work with the sector to ensure that the funding is utilised in ways that have the greatest impact.

Given the diverse range of people potentially affected by homelessness, significant consideration has been given to protected groups. We have looked at the data and can see that specific services are required across Wales to serve specific client groups that have unique needs. The Housing Support Grant (baselined at £166.8m across the two financial years) helps to create more specialised services that can support different groups, e.g. women affected by homelessness, as well as domestic abuse and sexual violence. By having that support in place, women will be more likely to present to services, rather than remaining 'hidden' and in danger. Similarly, services that are sensitive to age or sexuality will be vital for young LGBTQ+ clients who require specialised support in order to feel safe enough to present and move on to more permanent accommodation. Ensuring that we meet the needs of diverse ethnic minority people is also important given disproportionate impact of homelessness on some ethnic minority people. Wrap around services that were developed during the pandemic, including support for those experiencing mental health and/or substance misuse issues have been mainstreamed with the additional funding provided to the HSG in 2021-22 and maintained in the following three years.

Investment in housing support and homelessness prevention delivers on a key policy objective, reduces pressures on other public services, and improves outcomes for individuals and families. For example, we estimate that currently as a result of the pandemic, there are at least 8,652 people in temporary accommodation across Wales. Evidence from Crisis UK shows that people who experience homelessness for three months or longer cost public services (health and criminal justice) an average of £18,388 over the twelve month period. This would equate to over £159.1m in estimated costs to public services in Wales (over £55.7m in health services alone) if those people currently in emergency accommodation experienced homelessness for three months or more. The continued focus on preventative measures through the Homelessness Prevention Grant and Housing Support Grant to keep people in their homes are therefore vital.

Research by Cymorth Cymru and Cardiff Metropolitan University into the social and financial impact of the Housing Support Grant estimated that the grant generates a gross annual saving to public services of £300.4m, or a net annual saving of £176.7m (when taking in to account the annual HSG spend as at July 2019). This represents an estimated net saving to public services in Wales of £1.40 for every £1 of funding for HSG. Every £1 of HSG funding generates an estimated net saving of £5.20 for mental health services.

Achieving transformational change is ultimately therefore about the need to shift resources to alleviate pressure and demand from elsewhere in the system. There is anecdotal evidence during the pandemic that providing accommodation to long-term rough sleepers has enabled wider public services to engage with people, helping them to stabilise and manage substance misuse habits and engage with physical and mental health services, reducing demands on emergency services.

The additional funding allocated in the budget will enable the continuation of this approach whilst we shift more towards prevention and transition homelessness services towards a rapid rehousing approach.

Of the £13m allocation to the Homelessness BEL in 2023-24, **£1.4m** will support the PfG commitment to ***“Implement the renting homes Act to give renters greater security and develop a national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who or are at risk of homelessness”***. We have already announced the roll out of a national leasing scheme across Wales to improve access to longer term affordable housing in the private rental sector. Local authorities will be able to use the scheme to discharge their homelessness and prevention of homelessness duties. Property owners will be encouraged to lease their properties in return for a rent guarantee and additional funding to improve the condition of the property; and tenants will benefit from longer term security of tenure (between 5-20 years) at rents restricted to Local Housing Allowance rates. Revenue funding supports local authorities to staff and administer the scheme and forms the basis of the property owner incentive and tenant support.

**Private Rented Sector Supply – Capital allocation of £ £1.5m in 2023-24, and £1.5m in 2024-25.**

Having access to a greater stock of good quality, affordable housing will be a key driver in helping meet the needs of the people of Wales. The private rental sector (PRS) leasing scheme, known as Leasing Scheme Wales (LSW), is intended to address some of the difficulties both landlords and tenants experience in the PRS through improving access to longer term affordable housing in the private rental sector. The scheme is being rolled out across Wales, with 15 of the 22 Local Authorities currently signed up. The scheme directly supports the delivery of the Programme for Government commitment to ***develop a national scheme restricting rent to local housing allowance levels for families and young people who are homeless or who are at risk of homelessness.***

Under the scheme, property owners lease their properties to the local authority in return for a rent guarantee and additional funding to improve the condition of the property and the local authorities will be able to use the scheme to discharge their homelessness and prevention of homelessness duties. The ambition is by the end of year 5 each local authority will have leased 1% of their PRS through the scheme, approximately 1,500 properties across Wales (based on the 15 Local Authorities signed up to date). In this first year of LSW approximately 75% of properties coming onto the scheme had previously been empty for more than six months, which is helping to increase the supply of properties available.

The scheme is intended to provide accommodation for those threatened with homelessness and has been designed to reflect the needs of children and parents and/or carers, people with protected characteristics under the Equality Act 2010, and other people who may face particular barriers.

As the scheme provides a secure home for individuals, there are wide ranging benefits that come from that, including physical and mental health as it provides longer term accommodation at local housing allowance rates to households on low incomes, making the PRS accessible to those who are currently financially excluded or living in the poorest quality private rented sector (PRS) accommodation. Providing good quality housing, with assurances of tenure length, helps prevent and alleviate tenants' physical and mental conditions resulting in fewer calls upon the NHS and a healthier society.

Providing greater security of accommodation for tenants will contribute towards a Healthy and more Equal Wales, a Wales of Cohesive Communities, and a Wales of vibrant culture and thriving Welsh language. This is demonstrated by the clear health benefits of having a good quality home which is affordable and located in a safe environment.

Investing in the PRS contributes to the local economies, creating and supporting jobs and training opportunities as well as improving people's health, well-being and quality of life. This work involves improving the housing stock for future generations and the quality of that housing stock in the PRS. Supporting the provision of affordable homes also promotes the creation of local jobs, training opportunities and housing development supply chains.

The majority of WG funding is aimed at supporting those at most priority need for housing and initiatives to provide new and/or affordable housing. This scheme approaches need differently as it seeks to relieve pressure on the demand for social housing through its use of the PRS and increasing options to meet urgent housing need.

### **Housing Policy – Revenue allocation of £6.471m in 2023-24, baselined for the next year**

£6.471m has been allocated to the Housing Policy BEL as a package of funding to undertake a range of activity to meet our Programme for Government commitments.

Renting Homes legislation came into force on 1<sup>st</sup> December 2022 and will significantly increase security of tenure by ensuring that tenants who have not breached their contract will have a minimum of six months' notice to find a new home. The legislation will also make other important changes, such as providing protection against retaliatory eviction and ensuring homes are fit for human habitation, which will include the fitting of smoke and carbon monoxide detectors and regular electrical safety testing..

We are supporting “***Rent Smart Wales landlords to respond quickly to complaints of racism and hate crime and offer appropriate support***” via training for all landlords and managing agents who rent out properties in Wales. We are working with third sector organisations and Rent Smart Wales to develop training focused on quickly responding to complaints of racism and hate crime for all landlords and managing agents who rent out properties in Wales. The training will be delivered early in 2023 alongside an awareness raising communication programme, targeted at tenants, focussed on how to report racism and hate crime and where to get help and support.

Additional revenue funding of an initial **£0.6m** will support the various strands of activity within the **Second Homes and Affordability Pilot** which is complementary to the PfG Commitment to “***Create a Welsh Language Communities Housing Plan***”. This includes a Welsh Government senior pilot manager, two dedicated staff resource on the ground in the pilot area, evaluation and exchange of good practice. An additional £8.5m has been made available over three years in order to support the bespoke guidance for the HomeBuy within the pilot area. We have also committed to supporting Cyngor Gwynedd with the evidence base and operational costs of implementing an Article 4 planning direction in the pilot area (should Cyngor Gwynedd determine it wishes to apply a direction in the area).

The Programme for Government sets out clearly our commitment to address the issue of affordability in areas where there are high instances of second homes and to develop a Welsh Language Communities Housing Plan. A consultation on the plan was launched by the Minister for Education and Welsh Language on 23 November 2021 and the plan was launched in October 2022. It includes actions on numerous interventions that aim to support Welsh speaking communities. Actions include support for community-led co-operatives and social enterprises, establishing an estate agents steering group and setting up a commission on the Welsh language. The interventions in the draft plan, if taken forward after consultation, are complementary to the work being taken forward in the second homes pilot in Dwyfor.

We will maintain our funding to **Care & Repair** agencies to provide services to support rapid hospital discharge and prevent hospital admissions. Most local authorities delegate part of their Enable grant from Welsh Government to Care & Repair agencies to increase their capacity to provide adaptations services, and the majority of Regional Partnership Boards commission additional services from Care & Repair to meet specific local needs.

The Programme for Government has also committed to “**Legislate to enact the recommendations of the Law Commission in relation to leasehold reform**”.

The leasehold housing sector is an important part of the national housing market. It houses an estimated 4.5 million households in England and Wales. Approximately two thirds of these properties are flats and one third houses. In Wales, leasehold accounts for around 16% of all dwellings. This equates to, very approximately, 235,000 properties. The Law Commission has proposed wide-ranging reforms to make it easier for leaseholders to extend or buy the freehold of their home and to promote the adoption of commonhold as a form of ownership that gives more rights in comparison with leasehold. The Minister has committed to implementing leasehold reform through working collaboratively with the UK Government, not least as some aspects of the legislation to implement the Law Commission’s recommendations are likely to relate to reserved matters. This approach will enable a more comprehensive and beneficial set of reforms to be enacted for leaseholders in Wales as soon as possible. Continued additional funding will support engagement with the development of this important legislation, ensuring the changes made meet the needs of Welsh leaseholders.

By implementing the Law Commission’s recommendations on leasehold reform and ensuring open spaces and facilities on estates are funded fairly, which is another Programme for Government commitment, we will contribute to our well-being objective of making our cities, towns and villages even better places in which to live and work.

The additional funding will also support work to “**Publish a White Paper to include proposals for a right to adequate housing including fair rents and new approaches to making homes affordable for those on local incomes**”. Funding will support work to establish an evidence base and develop policy in relation to this commitment to develop a white paper on Fair Rents and Right to Adequate Housing.

The balance of funding will support delivery of a range of activities focussed on ensuring that everyone has a decent place to call home and delivery of equity and high standards in housing across Wales. This includes delivery of the following Programme for Government commitments, including to **Develop further effective tax, planning and housing measures to ensure the interests of local people are protected**. These commitments relate to our work in the area of second homes and affordable housing solutions. At this point, we have consulted on local taxes for second homes and self-catering accommodation, and have launched consultations on possible changes to the planning system and to Land Transaction Tax. Decisions relating to those areas, and financial impacts of options, will be fully assessed in line with the consultation responses. We have also established a pilot to test interventions in Dwyfor. The budget will support the roll-out and evaluation of the pilot as well as the central coordination of our policy development and implementation.

**Building Safety - Revenue allocation of £6.000m in 2023-4, a further £0.5m in 2024-25. Capital allocation of £135m in 2023-24, and £165m in 2024-25.**

Building Safety is a priority for the Welsh Government. It is critically important that residents feel safe and secure in their homes.

The lessons learnt from the reviews and inquiries, identified areas to improve our building safety. We proposed a new Building Safety Regime for Wales that presents a significant overhaul to the existing system.

The Welsh Building Safety Programme has two distinct areas of work:

- addressing fire safety issues in buildings of 11 metres and over in our existing building stock, and
- a fundamental reform of building safety, which looks at how we make sure that buildings with multiple dwellings are made as safe as possible in the future.

Supporting the remediation of buildings with existing fire safety defects whilst addressing the challenges of holding those responsible to account is very complex, particularly as not all aspects of these matters are within the powers of Welsh Government. However, we are committed to addressing building safety in Wales and continue to take forward our building remediation programme alongside a significant programme of reform to establish a fit for purpose building safety regime in Wales.

On 30 September 2021 the Welsh Building Safety Fund opened, asking that Responsible Persons of medium and high-rise buildings submit an Expression of Interest. This is the starting point for accessing support from the Welsh Government.

To date (20 September 2022) we have received 261 expressions of interest.

All 261 Expressions of Interest received to date have had a digital survey completed.

Where information and evidence are unavailable, out of date, incomplete or raise concerns about fire safety risk those buildings have been identified for further intrusive survey work. 163 buildings have been identified that require further intrusive surveys. These surveys are ongoing, with 105 surveys completed to date.

Both the digital and intrusive survey work is paid for by the Welsh Government. By funding and commissioning the surveys, Welsh Government will gain a clear, consistent and comprehensive picture of building safety issues across Wales.

We have also agreed to provide funding for surveys carried out prior to the launch of the Building Safety Programme, subject to certain criteria being met.

This survey work is essential if we are to understand the remediation work necessary to reduce fire risk in medium and high-rise buildings in Wales.

Alongside survey work, we have also undertaken developer negotiations to ensure that, wherever possible, developers pay to remediate fire safety issues. This includes preparation of a Developers' Pact and formal legal documentation to underpin it.

These works take time, and we have launched a Leaseholder Support Scheme to support those leaseholders in severe financial hardship, offering independent financial advice and where appropriate, the option to sell their flat and either rent it back or move on.

Capital funding will support the remediation of buildings and support to leaseholders. We have made significant progress on this highly complex issue. The critically important first

phase continues to help us understand the true scale of the problem and inform development of the right solutions to properly address it. Funding to support remediation will seek to holistically address fire safety in multi-residential buildings and ensure no one else has to go through these difficulties again in the future.

A Joint Inspection Team working in partnership with current enforcement agencies will provide another route to improve building safety for residents. Work to establish the structure and governance of the Joint Inspection Team continues to progress following the successful recruitment of the strategic lead (10<sup>th</sup> October 2022). This role is vital to refining the detailed working arrangements for the formal establishment of the team.

We are committed to ensuring resident engagement is at the heart of our legislative reforms and our white paper set out bold and important reforms to strengthen resident voice to ensure they have more say in matters that affect their homes and can be confident their buildings are safe. All residents, regardless of their tenure, should expect to have their voices heard. Having good communication and engagement with residents is vital, not only for building safety but also for community cohesion and social well-being. This funding will support the development of these commitments.

**Land - Revenue allocation of £1.150m in 2023-24, and a further £0.1m in 2024-25. Capital allocation of £20m in 2023-24, and £25m in 2024-25.**

The revenue funding will support additional resource to enable the Land Division to meet the ministerial ambitions where Land Division is tasked to increase the provision of affordable/social housing across Wales and to deliver "Exemplar Sites" within its land portfolio. It will also enable the full potential of the land portfolio to be realised over the next 5 years in terms of delivering good quality affordable housing. The pipeline of sites has the potential to deliver circa 2,600 housing units over the next 5 years

The resource will allow Land Division to pursue the agenda of achieving maximum public benefit for the public purse from its land portfolio. It will set a performance specification aligned to the PfG setting out its standards for policy objectives, in particular affordable homes, place making, carbon reduction, biodiversity, supply chain, community benefits and the like. This process will allow best scheme selection and to achieve best value for the public purse.

The Land and Buildings Development Fund (LBDF) complements the ambitions of other interventions delivered across Welsh Government and wider public sector with the aim of unlocking the potential for developing public land for public good, particularly to meet the demands for social and affordable housing. The scheme is primarily intended to support the ambition for small scale, energy efficient, low carbon developments. The fund is particularly interested in applications seeking to unlock schemes that will utilise modern methods of construction, innovative technologies and deliver solutions at pace.

LBDF is a targeted capital driven programme that concentrates on freeing up public land where development has stalled. It is intended to enable public bodies and public sector partners to overcome barriers to development i.e. bridge the "viability gap" and advance change.

This capital funding is supporting delivery of the **20,000 new homes target** by securing sustainable, well-designed affordable homes on public sector land, including our own land portfolio, where it will seek to establish a new benchmark for residential development. All schemes are delivered in a place-making context, with the intention of 50% affordable homes and mandating space standards and driving innovation in low carbon energy solutions and Modern Methods of Construction.

**Regeneration - Revenue allocation of £1.271m in 2023-24, and £1.671m in 2024-25. Capital allocation of £40m in 2023-24, and £40m in 2024-25.**

The Welsh Government's regeneration investment is focused on town and city centres to strengthen their social, cultural, and public service usage therefore creating sustainable places. It is delivered through an integrated place-making approach under the Transforming Towns programme, which provides flexible support in response to the issues and challenges faced by individual towns across Wales, taking into account the potential future impacts of climate change and embedding sustainable development principles. Its overall objective is to support the sustainable growth of towns and cities and their transformation into places of living, working, learning and leisure.

Sustainable regeneration of town centres will be achieved through three objectives:

*Focus Town Centre First*

- Build the strongest case for 'Town Centre First' principles across government and the wider public sector, and provide challenge to 'out of town' development
- Work across government departments to support delivery of strategic projects that will regenerate town centres, multiplying impact through strategic coordination at the Welsh government and local levels across Transport, Health and Education, in particular

*Deliver positive change for places*

- Invest in infrastructure that will re-energise town centres post-COVID to ensure their sustainability
- Reimagine the high street to deliver wider benefits and placemaking to support town centres both locally and in a regional context

*Build local capacity to deliver regeneration*

- Engage stakeholders across development and regeneration to test and implement fit-for-purpose town centre regeneration
- Ensure local authorities and other local delivery partners have the capability and capacity needed to deliver regeneration through strengthened support from government, including more collaborative ways of working and the delivery of digital resources.

Our investments focus on town centres to mitigate the impact of the rapid rate of decline experienced by many towns over a number of years and prevent it from worsening. Once decline sets in there is often an associated rise in anti-social behaviour, crime and poverty. The cost to communities as well as the public purse increases. Failure of town centres to meet the economic, social and environmental needs of the communities they serve often disproportionately affects older people and those on lower incomes, who have less opportunity to access services elsewhere.

Our aim with regeneration is to address inequalities experienced in town centres by investing in places that are currently under-performing, both economically and in terms of wellbeing, in order to raise their performance. In doing so, we aim to improve overall levels of prosperity and wellbeing in Wales as a whole.

Regeneration investment, through Transforming Towns, aligns with the following Welsh Government well-being objectives to:

- *Make our cities, towns, and villages even better places in which to live and work*; by providing funding for businesses including, public, private and third sectors, to improve the vibrancy of our towns and cities and improve the availability of services and community facilities; contributing to civic pride. Accessibility of services in easy to reach town centre locations reduces inequality;
- *Build an economy based on the principles of fair work, sustainability and the industries and services of the future*; Transforming Towns is focused on capital schemes, and these are often linked to skills and job creation. By having vibrant and sustainable town centres we can create an environment that supports businesses and creates jobs. The Town Centre First policy seeks to ensure that, as well as public services, new business development and high-skill jobs are increasingly concentrated in town and city centres. The focus on a wider offer of activities and uses in town centres, including flexible business space, leisure and local services, which will bring entrepreneurs and create jobs opportunities into town centre;
- *Embed our response to the climate and nature emergency in everything we do*: Regeneration will respond through the creation or improvement of green public spaces to enhance beauty and biodiversity, address drainage and improve air quality. Projects will have a positive impact on the physical environment in which they are located and will be very designed, planned and constructed to the highest environmental credentials (e.g. BREEAM, EPC A ratings etc.) with design standards being reviewed by the Design Commission for Wales in appropriate cases. Funding will be prioritised for projects that redevelop and build low carbon properties.

Our investment in Regeneration will help support the delivery of the following Programme for Government commitments:

- ***Enable our town centres to become more agile economically by helping businesses to work co-operatively, increase their digital offer and support local supply chains, including local delivery services.***  
Through our Programme for Government, we are committed to making our cities, towns and villages even better places in which to live and work. Businesses within our towns, particularly within the retail and hospitality sectors, are facing the critical challenges of the impact of Brexit, the Coronavirus pandemic and supply chain shortage. As a result, towns have been, and indeed still are, facing significant and often unforeseen challenges resulting in decreased footfall. It is uncertain how many of the changes to habits will be permanent or if some of them are temporary and, post pandemic, increased confidence may lead to an increase in footfall. However, for people to be able to return to them, the businesses and services in towns need to survive. Safeguarding these businesses and services and supporting them to adapt is necessary to ensure the long-term sustainability of our towns.

We will encourage and support the use of digital technology by town centre businesses through an extension of our Transforming Towns – SMART Towns programme. This includes utilising data to help businesses better understand their customer base and trends which will support businesses in their future planning and marketing activities. In addition, we will support businesses to cooperate, for example, through the development of more Business Improvement Districts in

Wales. This will provide businesses with a physical presence in town centres, a competitive edge over online only operators and a stronger voice in local developments.

- ***Develop masterplans for towns and high streets.***

Our strategic regeneration investments are targeted at improving the fabric of town centres, creating the environment for them to diversify as places of living, learning, leisure and work. This diversification is fundamental to the sustainability of our towns. The Town Centre First policy of [Future Wales](#) will directly influence the location of public services, retail and commercial development, and require them to be in town centres. Local authorities, directed by this policy, are preparing long-term land use plans to deliver these uses into town centres. Good quality mixed-tenure housing in town centres will support the vitality and viability of existing and new services and allows residents to access them by using sustainable transport infrastructure. Planning the co-location of this housing with leisure, learning and work facilities will support strong eco-systems of residents, services and businesses and contribute to the sustainability of town centres for future generations. Through this commitment, we will support Placemaking Plans to help develop sustainable places. The plans will be considered through the wider spatial context of the Local Development Plan and the emerging regional Strategic Development Plan and respond to the principles of Planning Policy Wales. The plans will be flexible and involve the community and other stakeholders from the outset with specialist advice being provided by the Design Commission for Wales

- ***Empower communities to have a greater stake in local regeneration.***

Funding through our Transforming Towns programme was previously allocated regionally and delivered by our local authority partners. Despite the success of this approach, we are also committed to working closely with more localised groups. Collaboration, engagement and support between the Welsh Government, local authorities and the people that rely on and use towns across Wales is more likely to develop town plans which have a legitimate base and a better chance of coming to fruition. It will enable individual towns to benefit from better outcomes through our Transforming Towns programme by identifying the mix of support that best suits their specific characteristics, local strengths, culture and heritage. Through this commitment, we will assist local groups to become involved in deciding what happens in their towns as well as developing learning and engagement between places.

- ***Create more community green space in town centres.***

To help address the climate and nature emergency our Programme for Government includes our commitment to expand arrangements to create or enhance green and blue spaces. Our published Building Better Places document focuses on key areas of Planning Policy Wales, including the importance of green spaces, encouraging the creation of new spaces, and improving people's access to green space.

The introduction of green infrastructure and improved public realm in town centres is central to successful place making and is therefore a fundamental part of our Transforming Towns programme. Green space and public realm is valued by the public and is therefore not only an essential part of the environmental regeneration

of towns, but also their social regeneration. Garden squares, small parks, tree lined pedestrian routes and landscaped areas will not only respond to the climate and nature emergency but all contribute to civic pride.

- ***Repurpose public space for outdoor events, markets, street vendors, pop up parks and 'parklets'.***

Given the challenges faced by our town centres as a result of Covid restrictions, delivery partners have sought to support business activity and vibrancy. The continuation of this support is a priority in making our towns and cities more attractive places to live, work and spend leisure time. Through this commitment we will support a range of smaller cost, more flexible interventions empowering local authorities, community organisations and other partners to come together in regional partnerships to decide upon the most appropriate mix of schemes and how they are deployed effectively in town centres.

Outdoor events, such as festivals and markets are key in attracting footfall and visitors to town centres and providing a more diverse and social offer to the local community. Markets and pop up vendors often sell local produce, reducing the impact of the supply chain on the environment and providing good quality produce locally which reduces the need to travel. It also allows small local businesses to thrive and offers low risk opportunities to vendors, putting money back into the local economy where many vendors grow, raise and produce their products.

Green infrastructure into town centres is considered to be central to successful place making and a fundamental part of projects supported under our Transforming Towns programme, following the successful delivery of the £9 million Green Infrastructure Pilot Fund in 2020-21. A range of Green Infrastructure interventions have already been supported and been well received, including pocket parks in Penarth and Newport town centres and a pop up parklet at Cardiff Castle.

- ***Support the development of a register of empty buildings and help small businesses move into vacant shops.***

Empty properties are a scar on town centres, surrounding neighbourhoods, and a constant source of concern to the people who live in these communities. They soak up resources both in local and central Government, and are often expensive to remedy. We understand that empty properties attract antisocial behaviour, are often dangerous, and if untreated, can directly contribute to the decline of an area. They also create a perception of decline in the minds of local people and businesses which undermines confidence in the area. However, empty properties are obviously an underused community asset.

There are many reasons why properties are empty, one challenge is to acquire the data to ensure we are tackling those properties that are persistently empty and not those only temporarily (for example, in a good state of repair and on the market). The establishment of a register of empty buildings and supporting businesses into them is one of a number of measures and interventions we are taking to tackle the issue of empty properties.

**National Construction Company - Revenue allocation of £1m in 2023-24, baselined into future years.**

£1m has been allocated recurrently as part of the Plaid Cymru Co-Operation Agreement to “**establish Unnos, a national construction company, to support councils and social landlords to improve the supply of social and affordable housing**”. There is now broad agreement on the immediate work to be taken forward and the programme of work is being developed.

At present officials have sought to balance progress and actions that can be delivered within the Co-operation agreement period and associated budget, but also aim to continue to define the medium- and longer-term functions for Unnos and the consequential actions that are required to mobilise these activities during Years 1 and 2 of the Unnos Business Plan. Work will also be progressed to finalise the appropriate company structure for Unnos.

**Social Housing Grant - Capital allocation for Social Housing Grant of £330m in 2023-24, and £325m in 2024-25.**

Welsh Government has made a Programme for Government commitment to “**build 20,000 new low carbon social homes for rent**” to tackle both a housing shortage and the nation's greenhouse gas emissions, and a commitment to fundamentally reform homelessness services to focus on prevention and rapid rehousing.

This will allow individuals and households to access high quality affordable to rent and run homes in Wales. Social homes set the benchmark for quality; we expect high standards of space, quality, energy efficiency and place making from the Welsh social housing sector.

We have implemented the Standard Viability Model (SVM) to enable a focus on value for money. However, given the current economic pressures, each site within the programme has a much higher financial gap due to rising costs and so grant levels are expected to increase significantly, at least in the short term.

**Social Housing Grant:**

- Delivers high-quality, warm secure and energy-efficient homes for people who need them most, helping reduce fuel poverty.
- Supports the foundational economy, construction industry and supply chain in Wales, delivering training and employment opportunities, including jobs and apprenticeships
- Supports the transformational shift of homelessness services to a rapid rehousing approach, where those who experience homelessness are quickly supported back into suitable permanent homes.

- Supports older people and those with additional care requirements to avoid dependence on residential or long term care, reducing the call on the NHS.
- Delivers good quality social housing which has a significant impact on people and communities, helping to achieve our long-term goal of ending homelessness, improving physical and mental health, ensuring those with complex needs receive the support they need.

### **Community-led Housing – revenue allocation of £220,000 in 2023-4 and £220,000 in 2024-25**

In order to meet the Programme for Government commitment to ‘support cooperative housing, community-led initiatives, and community land trusts’, revenue funding will be provided to Cwmpas’s ‘Communities Creating Homes’ programme, to support the community-led housing sector to grow. Revenue funding is also provided for a Community Housing Enabler post in the Dwyfor Second Home pilot area. This programme directly contributes to the 20,000 new social homes target.

### **Rural Housing Enablers – revenue allocation of £141,555 in 2023-24 and £143,409 in 2024-25**

Revenue funding will be provided to Rural Housing Enablers in six areas across Wales to work with communities to identify local housing need and to facilitate the provision of housing in rural areas. This programme directly contributes to the 20,000 new social homes target.

Much of the work of Land Division and the associated funding aligns to the impacts of Social Housing Grant and the 20,000 low carbon social homes for rent target. All of the schemes being delivered from the Land Division portfolio are intended to deliver homes of which 50% will be affordable. A number of the schemes will also include for example a new primary school, public open space and community facilities. The schemes are intended to set a new benchmark for energy efficiency and design and will be based around achieving Zero Carbon and improved space standards. It is also intended to promote modern methods of construction, in particular off-site manufacture. The developments will also aim to facilitate self-build and where appropriate to support community led developments.

As an example, the development at Cosmeston will contribute circa 250 homes to this specific target but also deliver a new primary school, which again aligns with the Well-being objectives contained in the Programme for Government which seeks to invest more than £1.5bn in the next phase of 21<sup>st</sup> Century Schools and develop net-zero carbon schools and open up school facilities for local communities. The proposals for Cosmeston include facilities that will be available to the local community and provide a hub for local activities and has been designed to have place making at its core, reducing inequality and supporting well-being objectives.

The additional capital will enable the Land Division to meet the ministerial ambitions where Land Division is tasked to increase the provision of affordable/social housing across Wales and to deliver "Exemplar Sites" within its land portfolio. It will also enable the full potential of the land portfolio to be realised over the next 5 years in terms of delivering good quality affordable housing. The pipeline of sites has the potential to deliver circa 2,600 housing units over the next 5 years.

## **Rapid Response Adaption Programme – Capital allocation of £19.500m in 2023-24, and 2024-25.**

Adaptations are an effective way to improve the health and wellbeing of older people, and disabled adults and children. They can prevent falls, reduce hospital admissions and facilitate discharges, reduce reliance on care, avoid the need to move into residential care and significantly improve quality of life and wellbeing for individuals, their families and carers.

The Rapid Response Adaptation Programme supports a range of activity:

- We will maintain our capital funding for local authorities under the **Enable** programme so they can provide medium-sized adaptations, such as stair lifts and downstairs level entry wet rooms, without applying a means test, as would be required for a Disabled Facilities Grant.
- We will continue to support **Care & Repair** (C&R) agencies so they can deliver small adaptations rapidly to facilitate timely NHS hospital discharges and prevent unnecessary admissions. This relieves costs on social care by reducing pressures on domiciliary and residential care
- Our **Physical Adaptations Grant** enables traditional housing associations to provide adaptations for tenants in social housing and reduces pressures on local authority capital budgets for Disabled Facilities Grants.

This investment in housing delivers significant benefits to NHS and care services, and contributes to the equalities and tackling poverty agendas. By facilitating independent living, the programme has a particularly positive impact on older and disabled people.

In the context of the Well-being of Future Generations Act, providing adaptations to enable people to continue to live independently is a long term preventative intervention and it involves disabled people in making choices about their lives. The capital is also an investment in local jobs as the contractors and supply chains are predominantly local ones.

Need continues to rise in real terms, both as a consequence of Covid-19 and “long Covid” and as the proportion of the older population rises more quickly than healthy life expectancy.

We are seeking a stronger role for Regional Partnership Boards (RPBs) in overseeing adaptations delivery in their regions. Consideration of adaptations forms an essential part of planning for the care and support needs of the population and as such as should be considered by RPBs as part of their remit.

The Physical Adaptations Grant scheme is an allocation-based grant since April 2022, operating within a fixed budget. The PAG budget of represents about 17% of the total spend on adaptations (including local authority Disabled Facilities Grants) on 5.5% of the housing stock.

I remain concerned about low levels of adaptations provision in the private rented sector. Funding alone is not sufficient. We will also need to improve private sector landlords’ understanding of the importance of adaptations.

## **Housing with Care Fund – Capital allocation of £60.5m in 2023-24, and £60.5m in 2024-25.**

Our investments in the Housing with Care Fund will support delivery of the Programme for Government commitments to **“Support innovative housing development to meet care needs”** and to **“fund regional residential services for children with complex needs ensuring their needs are met as close to home as possible and in Wales wherever practicable.”**

This funding programme provides housing and accommodation to meet care needs i.e. extra care and other accommodation for older people and people with dementia; supported living for adults with physical and learning disabilities and/or Autistic Spectrum Disorder (ASD) and mental health problems; close to home accommodation for children with complex needs; and intermediate care settings.

Increasing the scale and pace of investment in specialist housing and accommodation will help to meet the needs of an ageing and more disabled population, as well as improving the lives of children and young people with complex needs and adults with learning disabilities.

Our main aim will be to increase the existing stock of housing with care. The majority of these units are likely to be Extra Care housing for older people, alongside smaller scale developments to provide supported living accommodation for adults with a learning disability. These are tenanted social housing units which will count towards the **20,000 low carbon social housing for rent** target.

We will prioritise investment in small scale residential accommodation for children with higher needs in order to keep children and young people closer to home and avoid out of county/out of country placements. We will invest in a range of short and medium term accommodation in the community, such as step up/step down, rehabilitation accommodation and transitional accommodation for young people leaving care and those with and mental health and emotional well-being needs.

## **Homebuy - Capital allocation of £2.5m in 2023-24, and £4m in 2024-25.**

Our Homebuy scheme is designed to support shared equity home ownership and is available on existing homes. Homebuy primarily supports people who would like to purchase an existing home, within their community, but do not have the full financial resources to be able to do so, thus supporting people from lower socio-economic backgrounds. The scheme is a tried and tested scheme which has been offered by Welsh Government, on a small scale, for many years and is popular in rural areas, where new build homes are not readily available.

Building on previous investments of £9.7m into 178 Homebuys during the last term of Government, this draft budget commits to investing £7.5m in a further 50 Homebuys over the next 3 years, subject to market conditions. The investment will initially facilitate availability of the scheme in the proposed second homes pilot area, with the scheme becoming more widely available in other areas of Wales. Work has been undertaken with Gwynedd Council, and its delivery agent, Grwp Cynefin, to tailor the scheme to better meet local needs within the pilot area.

The Programme for Government sets out clearly our commitment to address the issue of affordability in areas where there are high instances of second homes and develop a **Welsh Language Communities Housing Plan** of which Homebuy forms a part and is the

only offer around homes for purchase. We are taking a three-pronged approach to address the challenges facing communities with high levels of second homes in Wales, Homebuy will form part of the package to address issues of affordability through targeting and tailoring existing housing programmes. We will invest £7.5m in circa 50 Home Buys over the next 3 years, depending on housing market conditions.

The scheme offers support of 30-50% of the purchase price of a home across Wales, with support of 10 – 50% of the purchase price being trialled in the pilot area, which is repaid on the sale of the home. It is open to all and managed by local authorities and Registered Social Landlords (RSLs) who can place additional requirements on applicants such as the need for a local connection. Thus, the scheme is seen as key to supporting the work on mitigating the issues of affordability in some communities often exacerbated by high volumes of second homes.

**Major Repairs Allowance and Dowry Gap Funding - Capital allocation £108m in 2023-24, and £108m in 2024-25.**

An independent evaluation of WHQS (June 2021) states that WHQS has significantly enhanced the quality of Welsh Social Homes since 2002. Ceasing support would mean standards of housing for some of Wales most vulnerable homes would decline and Ministers would be exposed to reputational risk such as that recently featured in England, where the spotlight is focused on homes unfit for habitation.

£108m per annum is spent via Welsh Housing Quality Standard (WHQS) to support social landlords to provide good quality warm social homes, to some of Wales' most vulnerable households. This is 35% of WHQS works to achieve and maintain the standard, the sector put in 65%. Any reduction in funding means landlords would spend more to maintain existing homes to the WHQS standard, compromising their ability to deliver new homes and building safety measures.

The new WHQS standard which is due to go live in 2023, following formal consultation, is a statutory requirement for all social landlords in Wales and it is anticipated that this will incorporate an increased energy efficiency standard and decarbonisation standard.

WHQS2023 will focus on decarbonisation of social housing whilst WG's Optimised Retrofit programme will facilitate testing and learning to inform long term wider retrofit of all homes, across all tenures in Wales. On-going WHQS 2 investment from 2023 together with Optimised Retrofit Programme funding will continue to boost local prosperity through SME growth, and supply chain development.

Dowry contractual arrangements to Large Scale Voluntary Transfers are extant for 30 years in total, with most stock transfer RSLs having 15-20 years remaining on their agreement with WG. Breaching the agreement would risk immediate Judicial Review.

**Residential Decarbonisation Revenue allocation of £2.173m in 2023-24, a further £0.5m in 2024-25. Capital allocation £92m in 2023-24, and £92m in 2024-25.**

The 1.4m homes in Wales are responsible for 27% of all energy consumed in Wales and 15% of all our demand-side Green House Gas (GHG) emissions. The retrofitting of these homes is a primary preventative measure as it seeks to improve the energy efficiency of homes to reduce their carbon emissions to help Welsh Ministers to meet legally binding carbon targets, as well as PFG commitment to decarbonise residential homes through retrofitting. Total cost of decarbonising the housing stock based on Welsh School of Architecture (WSA) estimates is circa £15bn, of which more than £10bn is for the social housing stock and for homes in fuel poverty.

Revenue funding will be utilised help support the establishment of a Housing Net Zero Performance hub to provide independent support for the Welsh housing sector. The hub will be run as a 'For Good' business model and:

- bring together expertise in research and development in the fast moving field of decarb;
- provide technical know-how;
- retrofit advice and expertise specific to housing;
- allow access to suitable qualified individuals and SMEs certified to carry out surveys and decarb activity; and,
- act as a learning vehicle to generate data on the schemes supported, in order to share with other organisations. This will help the housing sector across all tenures know what works, and just as importantly - what doesn't.

Revenue funding will be used to help support the development of the decarbonisation agenda for housing and the delivery of the ORP programme. Revenue funding will also be utilised to cover the additional staff costs required to deliver the capital investment arising from the retrofitting homes. Without this funding the PfG deliverables will be not be achieved. Spending significant capital investment needs appropriate skills and oversight to ensure funding activity is in line with highest standards of corporate governance and risk management. It is key that significant capital investment delivers value from the public purse.

In line with the PfG commitment to “***Decarbonise more homes through retrofit, delivering quality jobs, training and innovation using local supply chains***”, revenue funding will accelerate landlords' access to independent support in time for the launch of the new Welsh Housing Quality Standards decarb standard in 2023, thus rapidly increasing the pace of decarbonising the housing sector and retrofitting more homes.

Capital funding will predominantly be used to support the social housing sector, through the Optimised Retrofit Programme, which will facilitate test and learn to inform long term wider retrofit of all homes, across all tenures in Wales including the development of a Building Renovation Passport and then undertaking the measures required to enable the decarbonisation of homes across Wales. Our ambition is to ensure that all social housing landlords participate in this scheme over the next three years so that they can integrate the decarbonisation agenda within their planned maintenance programmes.

The ORP programme will offer gap funding to landlords to help facilitate the decarbonisation of the housing stock. Any reduction in funding contribution is likely to mean delays in steps being taken to tackle the decarbonisation agenda – thereby impacting the timeline for legally binding climate change targets and the PfG commitment to decarbonise more home through retrofitting

The continued grant funding will mean the tools, strategies and foundational economy benefits started in the current ORP programme will continue to be developed and sustained at a level needed to build the opportunities to deliver against the Cabinet’s green economic recovery commitments. Furthermore, without this continuity and growth the business sector, landlords and private owners will face significant difficulty in meeting decarb targets.

Investment in WHQS and optimised retrofit across Wales’ housing must be seen against the backdrop of significant benefits to well-being, cost savings in services and local economic growth. Investment in over a million homes this decade has the potential to generate large economic returns as well as reducing our emissions and levels of fuel poverty.

The retrofitting of these homes is a primary preventative measure as it seeks to improve the energy efficiency of homes to reduce their carbon emissions to help Welsh Ministers to meet legally binding carbon targets. Our strategy and investment will prioritise social housing, demonstrating best practice, developing supply chains and skills that will stimulate the market and inform strategy for owner occupied home retrofit programmes. It requires social landlords, their tenants, SMEs, funding bodies and other key stakeholders to work together to achieve mutually beneficial outcomes.

Our investment in Major Repairs and Residential Decarbonisation will support delivery of the Programme for Government commitment to “***Continue to improve existing homes, helping us tackle fuel poverty, create much needed jobs, training opportunities, and supply chains***”. Investment in Welsh Housing Quality Standards and optimised retrofit across Wales’ housing must be seen against the backdrop of significant benefits to well-being, cost savings in services and local economic growth. Investment in over a million homes this decade has the potential to generate large economic returns as well as reducing our emissions and levels of fuel poverty.

**Market Housing: National Empty Homes Grant Scheme Capital allocation of £25m in 2023-24, and £25m in 2024-25.**

This grant funding will bring up to 2,000 empty homes back into occupation. There are currently 22,140 long term empty properties in Wales (2022-23) This number has remained largely unchanged for the previous 5 years. Through this grant, we want to

tackle the difficult empty properties that are persistently empty and not those only temporarily (for example, in a good state of repair and on the market) and therefore properties will need to be empty for a minimum of 12 months to be eligible for the scheme. This work will also contribute to recommendation 9 within the Equalities, Local Government and Communities Committee Report into Empty Properties to review the support it provides for schemes that offer financial assistance to owners of empty properties.

Funding will be available to cover the cost of remedial works to make a property habitable and, in line with our climate commitments, energy efficiency improvements will be a requirement as part of the works undertaken on the property. The funding will be conditional upon the applicant living in the property for a minimum of 5 years.

As empty homes is an area of shared responsibility between Welsh Government and local authorities, in order to participate in the scheme, local authorities will need to provide a financial contribution of 10% of their notional allocations each year.

Whilst this government is committed to social housing, the Minister for Climate Change has been clear that there is a continued need in Wales for market housing, it is crucial to the creation of mixed tenure housing sites in order to achieve truly sustainable communities.

Empty homes are a blight and nuisance on our communities. Not only do they attract anti-social behaviour, pose environmental health problems and contribute to a general decline in their neighbourhoods, but they are also a wasted resource. This is particularly frustrating when housing is in short supply.

Paper 11a - Annex A - Breakdown by BEL for the Climate Change MEG

Annex A

CLIMATE CHANGE					
RESOURCE BUDGET					
Action	BEL No.	BEL Description	2022-23 Final Budget	2023-24 Draft Budget	2024-25 Indicative Draft Budget
<b>Total Housing &amp; Regen</b>			<b>237,508</b>	<b>249,648</b>	<b>256,148</b>
<b>Homelessness Prevention</b>	1120	Homelessness	31,147	46,147	51,147
<b>Total Homelessness Prevention</b>			<b>31,147</b>	<b>46,147</b>	<b>51,147</b>
<b>Independent Living</b>	1100	Housing Policy	6,471	6,471	6,471
	1083	Housing Support Grant	166,763	166,763	166,763
<b>Total Housing Policy</b>			<b>173,234</b>	<b>173,234</b>	<b>173,234</b>
<b>Achieve Quality Housing</b>	1065	Residential Decarbonisation & Quality	773	2,173	2,673
<b>Total Achieve Quality Housing</b>			<b>773</b>	<b>2,173</b>	<b>2,673</b>
<b>Building Safety</b>	2255	Building Safety	8,545	6,000	6,500
<b>Total Building Safety</b>			<b>8,545</b>	<b>6,000</b>	<b>6,500</b>
<b>Increase the Supply and Choice of Affordable Housing</b>	0984	Housing Finance Grant	13,100	13,100	13,100
<b>Total Increase the Supply and Choice of Affordable Housing</b>			<b>13,100</b>	<b>13,100</b>	<b>13,100</b>
<b>Housing Revenue Funding</b>	1181	Housing Programme Revenue Funding	1,073	173	173
<b>Total Housing Revenue Funding</b>			<b>1,073</b>	<b>173</b>	<b>173</b>
<b>Land Division</b>	6410	Land Release Fund	2,120	2,150	2,250
<b>Total Land Division</b>			<b>2,120</b>	<b>2,150</b>	<b>2,250</b>
<b>Regeneration</b>	4151	Regeneration	2,116	1,271	1,671
	4162	Cardiff Harbour Authority	5,400	5,400	5,400
<b>Total Regeneration</b>			<b>7,516</b>	<b>6,671</b>	<b>7,071</b>

EXTRACT FROM CLIMATE CHANGE MAIN EXPENDITURE GROUP				
CAPITAL BUDGET				
MEG	BEL	2022-23 Final Budget £000's	Changes £000's	New Plans Draft Budget 2023-24 £000's
Climate Change	Rapid Response Adaptation Programme	19,500	0	19,500
	Private Rented Sector (PRS)	500	1,000	1500
	<b>Total Independent Living Action</b>	<b>20,000</b>	<b>1,000</b>	<b>21,000</b>
	<b>Total Housing Policy SPA</b>	<b>20,000</b>	<b>1,000</b>	<b>21,000</b>
	Building Safety	75,000	60,000	135,000
	<b>Total Building Safety Action</b>	<b>75,000</b>	<b>60,000</b>	<b>135,000</b>
	Major Repairs Allowance & Dowry Gap Funding	108,000	0	108,000
	Residential Decarbonisation & Quality	72,000	20,000	92,000
	<b>Total Achieve Quality Housing Action</b>	<b>180,000</b>	<b>20,000</b>	<b>200,000</b>
	<b>Total Housing Safety, Regulations &amp; Standards SPA</b>	<b>255,000</b>	<b>80,000</b>	<b>335,000</b>
	Social Housing Grant	310,000	20,000	330,000
	Land for Housing	0	0	0
	<b>Total Increase the Supply &amp; Choice of Affordable Housing Action</b>	<b>310,000</b>	<b>20,000</b>	<b>330,000</b>
	Market Housing	10000	15000	25000
	Home Buy	2000	500	2500
	<b>Total Increase the Supply &amp; Choice of Market Housing Action</b>	<b>12000</b>	<b>15500</b>	<b>27500</b>
	Integrated Care Fund	60,500	0	60,500
	<b>Total Integrated Care Fund Action</b>	<b>60,500</b>	<b>0</b>	<b>60,500</b>
	Regeneration	20,000	20,000	40,000
	<b>Total Regeneration</b>	<b>20,000</b>	<b>20,000</b>	<b>40,000</b>
	<b>Total Homes &amp; Places SPA</b>	<b>402,500</b>	<b>55,500</b>	<b>458,000</b>
	Land Release fund	20,000	0	20,000
	<b>Total Land Division Action</b>	<b>20,000</b>	<b>0</b>	<b>20,000</b>
<b>Total Land Division SPA</b>	<b>20,000</b>	<b>0</b>	<b>20,000</b>	
<b>EXTRACT FROM CLIMATE CHANGE MEG TOTAL CAPITAL BUDGET</b>	<b>697,500</b>	<b>136,500</b>	<b>834,000</b>	

*\*Budget figures in 22-23 exclude Financial Transaction Capital budgets for comparative purposes*

# Paper 12 - Climate Change, Environment and Infrastructure Committee - 25 January 2023 - written evidence by the Minister for Climate Change

## Memorandum on the Climate Change

### Draft Budget Proposals for 2023-24

## Climate Change, Environment and Infrastructure Committee – 2023

This paper provides information on the Climate Change budget proposals as outlined in the 2023-24 Draft Budget published on 13 December 2022. It also provides an update on specific areas of interest to the Committee.

### Strategic Context

The table below provides an overview of indicative plans for the Climate Change MEG published in draft Budget 2023-24

CLIMATE CHANGE - SUMMARY	2022-23 Final Budget March 2022	2023-24 Indicative Final Budget March 2022	2023-24 Changes	2023-24 Draft Budget December 2022	2024-25 Indicative Final Budget March 2022	2024-25 Changes	2024-25 Indicative Draft Budget December 2022
Resource	1,166,512	1,155,512	31,915	1,187,427	1,177,512	31,915	1,209,427
Capital	1,644,573	1,657,778	0	1,657,778	1,605,393	0	1,605,393
<b>Total Resource &amp; Capital</b>	<b>2,811,085</b>	<b>2,813,290</b>	<b>31,915</b>	<b>2,845,205</b>	<b>2,782,905</b>	<b>31,915</b>	<b>2,814,820</b>
Total AME	100,393	124,448	-69,246	55,202	4,740	-67,808	-63,068
<b>CLIMATE CHANGE - TOTAL BUDGET</b>	<b>2,911,478</b>	<b>2,937,738</b>	<b>-37,331</b>	<b>2,900,407</b>	<b>2,787,645</b>	<b>-35,893</b>	<b>2,751,752</b>

### Resource

For resource, the 2022-23 baseline for draft Budget 2023-24 reflects Final Budget. The resource changes are summarised as follows:

	2023-24 Changes	2024/25 Changes
Transfers from reserves	55,000	55,000
Transfers to reserves	-20045	-20045
MEG to MEG transfers	-3,040	-3,400
<b>Total</b>	<b>31,915</b>	<b>31,915</b>

The Resource budget for the Climate Change MEG has increased by £55m in 2023-24 when compared to the 2023-24 indicative final budget baseline, with further increases of £55m in 2024-25.

The total resource allocations for each financial year is summarised in the tables below:

<b>BEL</b>	<b>Description of Transfer</b>	<b>2023-24 £000s</b>	<b>2024-45 £000s</b>
1895	Transfer in from Reserves to support TfW Public Transport	40,000	40,000
1120	Transfer in from Reserves to support Homelessness	10,000	10,000
1895	Transfer in from Reserves to support ALBs cost-of-living inflationary increases – TfW	5,000	5,000
<b>Total</b>		<b>55,000</b>	<b>55,000</b>

The Welsh Government has undertaken a reprioritisation exercise to release funding from within portfolios for reallocation across Government. The principles underpinning this reprioritisation exercise were to deliver a balanced budget, protect frontline public services and protect the Programme for Government.

As a result of this exercise, draft budget plans reflect a return to central reserves from the Climate Change MEG of £20.025m in 2023-24, with reductions baselined into 2024-25. These changes for budget lines relevant to this committee are summarised in the following table:

<b>BEL</b>	<b>Description of Transfer</b>	<b>2023-24 £000s</b>	<b>2024-45 £000s</b>
2832	Enabling natural Resources	-1,380	-1,380
2827	Forestry	-1,100	-1,100
2190	Resource Efficiency and Circular Economy	-1,575	-1,575
2490	Landscape & Outdoor Recreation	-300	-300
2255	Building Safety	-3,545	-3,545
1181	Housing Programme Revenue Funding	-900	-900
4151	Regeneration	-915	-915
1895	Transport for Wales	-9,603	-9,603
3759	Centre for Digital Public Services	-106	-106
3770	Clean Energy	-621	-621
<b>Total</b>		<b>-20,045</b>	<b>-20,045</b>

There has also been one MEG to MEG transfer in these budget proposals of £3.04m representing schemes commenced within the Coastal Risk Management Programme that have now transferred to the Local Authorities via the Finance and Local Government MEG.

## **Preventative Spend**

These budget proposals reflect my continuing commitment to protect and prioritise investment that supports preventative measures as far as possible. Value for money and clarity over how we use our resources effectively is central to delivering our priorities. Once expenditure is planned in line with priorities, we have well-established processes in place to ensure that resources are used effectively for the purposes intended.

Specific metrics are used to evaluate support programmes, as set out in the Wales Transport Strategy for example.

The assessment and value for money is referenced further down in the specific questions.

## **Evidence-based policy making**

Evidence from a wide range of sources underpins our financial decisions such as published research, engagement with stakeholders, previous policy evaluations and statistics. This is embedded in decision making with some examples as follows:

A significant number of single use items, usually made of plastic, are provided to consumers at low, or no cost, with an accompanying purchase of food or drink. These items are very small and are of low individual value, both to the end consumer and the retailer. The cost and effort of separating, cleaning and processing them for recycling is often deemed not to be worthwhile. Consequently, a high volume of these products are discarded into general waste, either by the end consumer or the retailer, or are littered. In its Programme for Government Welsh Government commits to legislate to abolish more commonly littered single use plastic items. The intention is to influence consumers so they begin to adopt more sustainable behaviours (for example using reusable products) and to prevent the subsequent environmental impacts associated with single use items.

Underpinning the wider implementation of the Circular Economy Strategy is a range of evidence from new compositional analysis of waste streams and data on the performance and efficiency of Local Authority recycling and waste management operations, to measurement of the carbon impact of our recycling.

Transport for Wales have published on our behalf a monitoring and evaluation framework for the Wales Transport Strategy that will be used to track progress against achieving the priorities and ambitions and identify any areas where further interventions may be required to meet our targets.

## **Well-being of Future Generations Act**

My draft budget preparations shows how I have sought to reflect the framework of the Wellbeing of Future Generations Act in setting our spending priorities. We reviewed current trends and future projections and their potential impacts in the short, medium and longer term. We did this to ensure, as far as possible, that short term responses do not have longer term detrimental impacts.

The Circular Economy Strategy, *Beyond Recycling*, has been recognised as a WFG exemplar in the way in which it was both developed using the five ways of working and how it uses the WFG goals to identify the action which maximises the benefit of the move to a circular economy, as a key part of the transition to a Zero Carbon Wales. A Goals Assessment was published alongside the strategy which sets out its contribution to all of

the seven goals. This approach has continued with the delivery of the actions within the strategy, ensuring that they not only deliver crucial environmental outcomes, but also improve key economic and social outcomes for Wales. For example, taking a circular approach improve resource efficiency, create employment opportunities and increase competitiveness in a decarbonising global economy. This also includes key social benefits, particularly in a cost of living crisis, by for example redistributing food that would otherwise be wasted to vulnerable communities and putting in place repair and reuse facilities

### **Equality, Welsh language and children's rights assessment**

As part of the Draft Budget, we have taken an integrated approach to impact assessments, as well as considering the impact of decisions and policies on social, economic, cultural and environmental well-being, as set out within the Well-being of Future Generations (Wales) Act, which continues to be an important driver guiding our Budget considerations.

Our Budget sets out the impacts of our spending decisions, including highlighting spending decisions that directly impact on our stakeholders. This is complemented by the Strategic Integrated Impact Assessment (SIIA), outlining the contextual evidence that has supported our spending decisions.

For example, the Wales Transport Strategy and National Transport Delivery Plan was fully impact assessed through the integrated impact assessment process and for the strategy representatives all of those groups who share protected characteristics were involved in the process both at drafting and consultation stage, this included children, older people and all of the commissioners, including the Welsh language commissioner. The WTS is therefore reflective of their views and involvement and the budget broadly delivers on the aims and objectives in the strategy.

### **Responding to the cost-of-living crisis**

#### **An explanation of whether and how the Welsh Government's response to the cost-of-living crisis has shaped your draft budget allocations**

The impact of the increased cost of living and the failure of the UK Government's promises to replace EU funding in full has created significant challenges on programmes within my portfolio. As a Welsh Government, we will continue to work to prioritise our budgets to shield the most vulnerable and maintain our commitment to create a stronger, fairer and greener Wales as we prepare our draft Budget 2023-24.

I recognise the impact cost of living pressures are having on our Arms Length Bodies which deliver significant public services on behalf of the Welsh Government. I am pleased that these budget proposals provide a further £10m in 23/24 and 24/25 (£5m/annum) to support with cost-of-living pressures in the most critical areas. However, I appreciate that this will only go some way to addressing concerns and it will still be difficult for many organisations.

## **Legislation**

### The Environmental Protection (Single-use Plastic Products) (Wales) Bill

The Environmental Protection (Single-use Plastic Products) (Wales) Bill will ban or restrict the sale of a number of single-use plastic products found commonly littered in the environment. The legislation will deliver the Programme for Government commitment to legislate to abolish more commonly littered single use plastic items. The legislation will help accelerate the shift away from these problematic single-use plastic products and encourage a move towards reusable or less environmentally harmful alternatives. It also contributes to wider strategic aims of supporting the development of a circular economy in Wales, addressing the climate and nature emergencies. To support the Bill's implementation, spending will be required to communicate to the public and to businesses of the need to prepare for the bans and of the products covered by the legislation. The budget will also be used to support wider evidence-gathering for the potential next phase of products.

### Regulations to introduce a Deposit Return Scheme and Extended Producer Responsibility for plastic packaging;

Work continues to develop the legislation to deliver the Programme for Government commitment to introduce Extended Producer Responsibility reforms, initially focused on measures to tackle packaging waste and a Deposit Return Scheme for drink containers, alongside the development of the legislation to implement business, public and third sector recycling reforms. The consultation on the underpinning Code of Practice having been launched as part of Climate Week in November.

### The proposed Coal Tip Safety Bill;

The coal tip safety revenue budget settlement includes costs for the scoping and design of a national asset register, and for the recruitment of the Board for the new supervisory authority, including the initial running costs during the financial year 2024/25. The budget for 2023-24 and 2024-25 also includes funds for a Welsh Government team to establish the new public body.

A full Regulatory Impact Assessment is currently in development as required prior to the introduction of the Coal Tip Safety Bill, which will provide detailed costings for the establishment of the new public body (including staffing) and implementation of the new regime. Assumptions such as pay inflation and pay rises will be built into this work.

### The proposed Clean Air Bill

The Programme for Government committed to the introduction of a Clean Air Act for Wales. The Bill we are taking forward will include proposals relating to national air quality targets (accounting for World Health Organisation guidance), promoting awareness, Local Air Quality Management (LAQM), smoke control, vehicle idling and national air quality and soundscapes strategies. These proposals will enhance both national and local government's ability to tackle poor air quality, providing direct benefits for public health, habitats and biodiversity. Specific funding will support implementation of the Bill including funding for evidence-gathering, communication, and awareness raising.

## **Programme for Government**

The Biodiversity Taskforce supports the Programme for Government commitment to embed biodiversity in all we do. To continue work on mainstreaming biodiversity which is also a requirement of the future Global Biodiversity Framework and Biodiversity Deep Dive recommendation, money has been allocated to this through a programme focussing on people, our systems and piloting innovative solutions both in and outside Welsh Government. Delivery of the Section 6 requirement working with public authorities to mainstream maintain and enhance biodiversity is also key part of this work.

Work is underway to develop a statutory duty and targets to protect and restore biodiversity. This work will be escalated following COP15 in December 2022 with the agreement of a set of new global targets. To deliver this budget has been allocated to provide the technical and academic support required to ensure robust, evidenced based approach to developing SMART targets.

Work is required to support research and development along with enhancing infrastructure to deliver successful interventions for saltmarsh and seagrass restoration programmes. To continue this budget has been allocated to the Nature Networks Programme.

## **Responding to the climate and nature emergencies, and working with Cabinet colleagues**

Net Zero Wales, which was published last year ahead of COP26 is our cross Government Plan, which sets out our collective action across Ministerial Portfolios, over the next few years.

To support delivery and help drive action, we have established internal governance to develop and deliver Net Zero Wales consisting of

- Cross-Government Cabinet supported by termly discussions on climate change as well as being integrated through wider conversations
- A Portfolio Board chaired by the Climate Change SRO with lead officials for each emission sector and cross cutting area;
- Focused arrangements to monitor and drive delivery of the PfG.

## **An explanation of how the Welsh Government's declaration of 'climate' and 'nature' emergencies has influenced this year's budget setting process**

Climate Change considerations are key for Welsh Government across all policy areas to respond to the climate emergency and adapt to the impacts of climate change. The First Minister has been clear that Climate Change is at the heart of the Government's agenda.

On 28 October 2021, the Welsh Government launched its Net Zero Wales plan, which sets out the next stage in our pathway (2021 to 2025) to net zero by 2050. The plan contains more than 120 government policies and proposals, covering every area from peatland restoration to active travel, and from green skills to renewable energy.

The portfolio's mission is to deliver net zero and to manage climate risk for Wales. Our statutory advisors, the Climate Change Committee (CCC), suggest that the costs to Wales of transitioning to Net Zero will be substantial (in the order of £1.4bn in 2025) and

that investment in low-carbon technologies needs to increase significantly over carbon budget 2, which coincides with this Government term.

Llwybr Newydd - Wales Transport Strategy sets out a long-term vision for an accessible and sustainable transport system. It contains four high-level cross-cutting 20-year ambitions that can deliver wider benefits to people and communities, to the environment, to the economy and places, and to culture and language. These ambitions will be delivered through a set of five year priorities, targeting ways to reduce the need to travel and encourage modal shift.

It changes our approach to the way we make decisions and investments. The sustainable transport hierarchy gives priority to meeting the demand for travel by walking, cycling and public transport ahead of private motor vehicles. The investment hierarchy's focus is on measures to manage demand, make better use of existing infrastructure (including joined up planning between transport and land use), and on widening and promoting sustainable travel choices

### **An explanation of how you have worked with your Cabinet colleagues to ensure that the environment, biodiversity loss and climate change have been “at the heart of” the budget setting process**

Action on the climate and nature emergency continues to be at the heart of this government, which is why the Climate Change portfolio has been created. It has brought together the big policy areas to help Wales reach its legally binding target of reaching Net Zero by 2050

This investment will continue to directly help address the Programme for Government ambition to tackle the nature and climate emergencies.

### **Decarbonisation**

The Net Zero Wales Plan puts the transition to a Circular Economy at its heart with actions for a more resource efficient Wales found across every part of the Plan from decarbonising the refuse vehicle fleet to supporting businesses to get advice on being more resource efficient. This recognises the critical link between unsustainable consumption and the climate and nature crises.

This includes an increase in the budget to support the continued delivery of the Beyond Recycling Strategy which will work to build on the foundation of our genuinely world class recycling to support the wider transition to a circular economy which keeps resources in use. A key element of this support sees an increase in capital funding to put in place the infrastructure improvements needed to transition to a circular economy, which represents just under half of Wales' total emissions.

### **Higher interim emissions reduction targets for 2030 and 2040, and a net zero target for 2050 and budget allocations.**

Our emission reduction targets are set at a Wales level and as such, Net Zero Wales is an All Wales plan, recognising that actions will need to be taken by everyone. This means that the costs and benefits will also be shared across society.

Although the monetary costs associated with Wales transitioning to net zero by 2050 are not fully known yet, an indicative cost estimate has been provided in the Regulatory Impact Assessment for net zero. In this Regulatory Impact Assessment, we estimate that the additional cost of meeting net zero compared to a scenario with no further climate action will lead to additional present value resource costs of between £10bn and £16bn in total over the period to 2050 (these figures are based on Welsh Government analysis of the 5 CCC net zero pathways). Additional resource costs are the monetary costs (and savings) required to provide the same goods and services in a low or zero carbon way, and they include both upfront capital investment cost and operating costs/savings. However, there may also be significant societal co-impacts associated with transitioning to net zero which have not been quantified in our analysis, such as health and natural capital benefits.

There is a great deal of uncertainty inherent in estimating future costs associated with long-term emission targets which increases over time. The uncertainty comes from questions about the cost and development of future low-carbon technologies, the future actions of government, business, wider stakeholders, and consumers.

Irrespective of this uncertainty, we are looking to continually boost our evidence base and improve our understanding of the costs and benefits associated with reaching net zero to help us facilitate the least-cost low-carbon transition. Net Zero Wales highlights some of the additional investment costs required over Carbon Budget 2 at the Welsh national level, as well as outlines many investments that the Welsh Government are making to accelerate the net zero transition. However, it should also be noted that a significant bulk of the investment costs will be met by the private sector and the UK Government.

### **Work undertaken to estimate the carbon impact of spending decisions and how this has influenced the approach to allocations**

We continue to look to improve and develop how we make decisions taking into account carbon through tools such as our integrated impact assessment process. Through our Budget Improvement Plan, we have set out the actions we are taking to consider how the assessment of the carbon impact of our spending programmes can be made more robust.

This work, which is informing our budget preparations, is considering the incremental impact of Welsh Government spend, as well as the wider impact that policy implementation has on carbon emissions. An update to the Budget Improvement Plan will be provided alongside the draft budget, which will provide further details on the progress we are making on assessing the carbon impacts of our expenditure. Infrastructure Investment Strategy.

One of the most important considerations we can make is the link between the infrastructure we support and the impact it has on our environment.

Our new infrastructure investment strategy is the successor to the current Wales Infrastructure Investment Plan and sets the framework for Welsh Government investment in infrastructure and is designed around the four well being themes of economic, environmental, social and cultural well-being. At its heart will be the Welsh Government's response to the climate emergency, including the commitment to net zero and tackling the decline in biodiversity, and the strategy has been designed specifically to support the delivery of a net zero carbon economy. This approach lets us recognise that, for example, alongside investments in electric vehicle infrastructure and in railway electrification, which have decarbonisation as a primary purpose, we can leverage the delivery of our wider programme of capital investment in areas such as hospitals and schools to contribute to

delivery of net zero. Many of the policies captured in this plan will also appear in the suite of documents which will describe this new infrastructure investment strategy.

## **Aligning fiscal and carbon budgets**

We continue to align our carbon and financial budget process and use our Net Zero Wales plan to help guide our spend. Our long term decarbonisation plans helps to align future spend around it.

## **Budget Structure**

### **Summary of Budget Allocations and Changes**

**A breakdown of the 2023-24 draft budget, and any future indicative budgets, by Spending Programme Area (SPA), Action and Budget Expenditure Line (BEL), both revenue and capital, along with 2022-23 Budget allocations as a comparison. A narrative description of the policy areas funded through each BEL. A summary of any changes made in the structure and presentation of the budget compared to previous years, including details of how any new or reorganised SPAs, Actions of BELs relate to those used in 2022-23 and ensuring 2023-24 allocations can be compared to previous years.**

Annex A provides the full BEL tables for the Climate Change portfolio as published as part of the draft budget.

## **Transport**

**How the draft budget supports the Welsh Government's transport priorities, particularly delivery of the new Wales Transport Strategy and the associated delivery plans and strategies, including how you have prioritised funding, the affordability of your priorities and any areas of concern**

We will continue to invest in our metro programmes in South East, South West and North Wales. in a way that is integrated with our core service delivery in bus, active travel and rail. Our investments will also support the development of our rural pathway which will support the development of public transport interventions in rural communities across Wales, and in particularly Mid Wales which does not have a Metro scheme in the region.

The investment will also support the continued development of strategically important projects across Wales to support the delivery of the Wales Transport Strategy and help us achieve the mode shift needed to meet our Net Zero Wales targets. These projects are multi-modal; supporting the development of infrastructure, service design, digital and data developments and behavioural change work in bus, rail and active travel schemes across Wales in areas that maximise potential modal shift. Our emerging priorities for investment are set out in the National Transport Delivery Plan published for consultation in July

## **Public transport recovery following the pandemic, including support for operators and the impact of, and recovery from, the Coronavirus pandemic, including support for transport providers.**

Throughout the pandemic Welsh Government's commitment to the bus industry has been unwavering with over £150m of funding made available to the industry to support them through, and recover from, the effects of the coronavirus pandemic.

Funding has been allocated to support the TfW Rail Limited farebox which continues to be impacted following the coronavirus pandemic with fewer commuter journeys being made, though this has been partially offset by increased leisure journeys

## **Delivery of the rail franchise.**

The revenue and capital funding allocated allows for the delivery of the Rail franchise by TfW on behalf of Welsh Ministers. As part of this TfW will continue delivering on our Programme for Government commitments including investing £800m on brand new rolling stock that will provide new, faster, more comfortable trains, and allow for increased frequency of services and new routes to be established

## **Delivery of the North East Wales, South West Wales and South East Wales Metros.**

We will continue to invest in our metro programmes in South East, South West and North Wales in a way that is integrated with our core service delivery in bus, active travel and rail, therefore budgets are not separately identified. Our investments will also support the development of our rural pathway which will support the development of public transport interventions in rural communities across Wales, and in particularly Mid Wales which does not have a Metro scheme in the region.

The investment will also support the continued development of strategically important projects across Wales to support the delivery of the Wales Transport Strategy and help us achieve the mode shift needed to meet our Net Zero Wales targets. These projects are multi-modal; supporting the development of infrastructure, service design, digital and data developments and behavioural change work in bus, rail and active travel schemes across Wales in areas that maximise potential modal shift

## **Delivery of the Welsh Government's rail infrastructure priorities.**

The capital funding allocated to Transport for Wales will enable them to continue to deliver the Core Valley Lines Transformation Programme which is delivering the upgraded track, signalling and electrification work that will allow for increased and faster services to be provided improving access and connectivity to and from valley communities and Cardiff

## **The development of Transport for Wales – including a breakdown of TFW's full budget allocation for the year, itemising its corporate budget alongside allocations for delivery of specific programmes.**

Given that TfW is still a relatively new and evolving organisation, we are continually looking for ways to streamline processes, and we will endeavour to offer the Committee sufficient time to scrutinise draft budgets in the future

## **The recommendations of the South East Wales Transport Commission.**

The work of the Burns Delivery Unit will continue to support the delivery of the South East Wales Transport Commission's findings. This will include continued design development and stakeholder engagement to bring forward three measures to final investment decision as quickly as possible, i) Cardiff to Newport Active Travel and Bus links; ii) Newport Central Infrastructure for Active Travel and Bus priority - design development and stakeholder engagement on Active Travel and Bus priority on routes connecting to Newport Central; iii) Severn Tunnel Junction bus access, and developing and implementing activities with stakeholders to drive modal shift

## **Investment in the trunk road and motorway network. In particular, how the outcome of the roads review has informed the allocations, and how any roads funding has been reallocated.**

Funding across transport has been aligned with the sustainable transport hierarchy as set out in the Wales Transport Strategy, this approach prioritises investment in active travel such as walking and cycling and public transport such as bus and rail, above investment in steps which increase private car usage. This approach is fundamental to achieve our challenging modal shift targets and climate change commitments.

On 30th November the Deputy Minister for Climate Change set out in a written statement the latest on the roads review noting that responding to the recommendations is a complex piece of work which has been further complicated by the significant reduction in our spending power. We are now reconsidering our full response to the Roads Review in light of the deteriorating fiscal and economic situation we have been placed in by the UK Government.

We will set out our response, together with those schemes which we will be taking forward, in our National Transport Delivery Plan, which will be published shortly,

There are a number of programmes being delivered across the Strategic Road Network (SRN) intended to be preventative. They include:

- Ash Dieback – Proactive measures to identify and remove diseased trees that could cause safety issues on the SRN.
- Surfacing preventative Treatments – Surface dressing treatments that extend the life of the wearing course of the carriageway, increasing maintenance intervention frequency, lowering cost and carbon.
- Community Safety Programme – proactive safety programme listening to and responding to communities' needs to improve safety on the SRN.
- Street lighting renewal – changing lamps to LEDs to reduce costs and carbon.
- In order to future proof and prepare for the digitisation of the Strategic Road Network we are investing over £40m in delivering broadband fibre along 152km of the network.

In order to address an estimated £1bn backlog of capital maintenance across all asset types on the SRN officials will seek to develop a Major Asset Renewal (MAR) programme which could be delivered over a 5 to 10 year period with time scales adjusted to match to availability of funding. The programme would not only address the maintenance backlog but could also deliver many of the ambitions and priorities in the new Wales Transport Strategy particularly around road space reallocation for active travel and public transport

and reducing carbon by carrying out maintenance in an efficient holistic manner, using materials with long service lives sourced locally. This programme is currently unfunded

**Delivery of active travel policy – including a table detailing total and per capita allocations for active travel for 2023-24, compared with each of the preceding three years. Revenue and capital allocations should be clear and broken down by individual funding stream (active travel fund, local transport fund, safe routes in communities etc).**

In line with the mode shift targets in Llwybr Newydd and our Net Zero Carbon commitment, active travel continues to be a focus for investment, in particular through the mechanism of the Active Travel Fund. In recognition of the largely local nature of active travel infrastructure, the majority of the funding is directed at local authorities.

The Active Travel Fund is designed to enable local authorities to deliver the active travel route networks which have just been updated and which were approved by Ministers this year. The Fund is made up of a core allocation for each local authority and a competitive funding element. The Fund is complemented by smaller additional funding programmes.

The Safe Routes in Communities Grant is focused on school travel improvements and is geographically not limited to the larger towns which form the focus of the Active Travel Fund.

Funding for active travel schemes on and intersecting with the Strategic Road Network will be prioritised and taken forward in dialogue with the local authorities in which they are located. Active travel schemes that are linked to implementing Metro or South East Wales Transport Commission proposals will also be developed collaboratively in these contexts.

	Active Travel allocations - all LA capital grants					
	18/19	19/20	20/21	21/22	22/23	23/24
Active Travel Fund	£9,031,092	£29,127,943	£25,140,454	£56,003,830	£48,106,000	£57,000,000
Local Transport Fund	£11,267,202	£7,303,259	£896,000	N/A	N/A	N/A
SRIC	£5,048,314	£5,362,121	£4,141,501	£6,554,231	£4,263,050	£5,000,000
Additional funding (Covid)			£16,205,917	£1,030,000		
SEWTC AT projects				£517,000		
Financial Transactions capital						2,000,000
<b>Total</b>	<b>£25,346,608</b>	<b>£41,793,323</b>	<b>£46,383,872</b>	<b>£64,105,061</b>	<b>£52,369,050</b>	<b>£64,000,000</b>
Population*	3,138,631	3,152,879	3169586	3,107,500	N/A	N/A
Total per capita	£8.08	£13.26	£14.63	£20.63	£16.85	£20.60

\*mid year population estimates up to 20/21, Census data for 21/22, calculation based on latest available

	<b>Active Travel allocations - other capital funding</b>					
	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
WG Trunk Road AT programme	£1,650,000	£1,650,000	£1,650,000	£3,650,000	£3,000,000	£3,000,000
Other AT capital grants and expenditure (incl SEWTC & Metro AT projects, NCN enhancements)				£510,000	£4,070,000	4,250,000
<b>Total</b>	<b>£1,650,000</b>	<b>£1,650,000</b>	<b>£1,650,000</b>	<b>£4,160,000</b>	<b>£7,070,000</b>	<b>£7,250,000</b>
Population*	3,138,631	3,152,879	3,169,586	3,107,500	N/A	N/A
Total per capita	£0.53	£0.52	£0.52	£1.34	£2.28	£2.33
*mid year population estimates up to 20/21, Census data for 21/22, calculation based on latest available						

	<b>Active Travel allocations - revenue</b>					
	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
Active Journeys Programme	£237,000	£375,000	£375,000	£375,000	£375,000	£375,000
Active Travel Fund and ATA implementation support (TfW & LAs)			£1,000,000	£1,549,000	£0	£0
Active Travel Act implementation support	£171,915	£224,446	£178,988	£135,280	£809,300	£1,000,000
<b>Total</b>	<b>£408,915</b>	<b>£599,446</b>	<b>£1,553,988</b>	<b>£2,059,280</b>	<b>£1,184,300</b>	<b>£1,375,000</b>
Population*	3,138,631	3,152,879	3,169,586	3,107,500	N/A	N/A
Total per capita	£0.13	£0.19	£0.49	£0.66	£0.38	£0.44
*mid year population estimates up to 20/21, Census data for 21/22, calculation based on latest available						

	<b>Active Travel -all</b>					
	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>
<b>Total</b>	<b>£27,405,523</b>	<b>£44,042,769</b>	<b>£49,587,860</b>	<b>£70,324,341</b>	<b>£60,623,350</b>	<b>£72,625,000</b>
Population*	3,138,631	3,152,879	3,169,586	3,107,500	N/A	N/A
Total per capita	£8.73	£13.97	£15.64	£22.63	£19.51	£23.37
*mid year population estimates up to 20/21, Census data for 21/22, calculation based on latest available						

**Support for bus and community transport services, including a table detailing total and per capita allocations for 2023-24 compared with each of the preceding three years. Revenue and capital allocations should be clear and the table should be broken down by individual funding stream (BSSG, BES2, Concessionary Fares etc)**

We have continued to support the bus industry in 2022-23 through funding to support the industry as they transition to a new normal post COVID

Total per capita					
Bus Revenue support - 2019-20 to 2023-24					
	2019-20	2020-21	2021-22	2022-23	2023-24
Mid-year population estimate Wales*	3,152,879	3,169,586	3,107,500	N/A	N/A
Bus Users UK Cymru Grant	£243,368	£182,918	£289,457	£395,000	£395,000
School Transport	£0	£0	£10,000	£10,000	£10,000
BUS REVENUE SUPPORT	£1,325,425	£6,111,471	£1,061,818	£677,000	£677,000
Community Transport Association - Core Funding	£164,298	£138,284	£285,482	£285,482	£285,482
Bus Services Support Grant	£25,000,000	£25,000,000	£25,000,000	£25,000,000	£25,000,000
Bus Revenue Support - Traws Cymru	£3,741,342	£4,018,818	£3,159,745	£3,159,745	£3,159,745
Traveline Cymru	£998,612	£998,612	£998,616	£998,616	£998,616
Concessionary fares	£26,375,441	£33,915,450	£62,595,259	£60,482,000	£60,482,000
Youth Discounted Travel	£2,531,786	£1,906,536	£1,999,969	£2,000,000	£2,000,000
Bus Emergency Scheme COVID	£0	£70,620,830	£59,099,546	£28,000,000	£28,000,000
Total	£60,380,273	£142,892,919	£154,499,892	£121,007,843	£121,007,843
Total per capita	£19.15	£45.16	£49.72	£38.94	£38.94

Total per capita					
Bus capital support - 2019-20 to 2022-23					
	2019-20	2020-21	2021-22	2022-23	2023-24
Mid-year population estimate Wales *	3,152,879	3,169,586	3,174,970	3,184,311	3,107,500
Concessionary Fares	£35,240,000				
Bus support		£1,000,000			
Bus Cymru - invest in bus services					
Total	£35,240,000	£1,000,000	£0	£0	£0
Total per capita	£11.18	£0.32	£0.00	£0.00	£0.00

### **Support for local transport priorities.**

We will continue to invest in local schemes that support the delivery of the Wales Transport Strategy. Funding in the next financial year will have a focus on 20MPH and bus infrastructure.

As per the Programme for Government commitment we will review how we spend the Local Transport Fund in future years aligned to the priorities set out in the Wales Transport Strategy, and in light of the move towards regional transport planning which CJsCs are now under a duty to produce.

## **ENERGY & PLANNING – FUNDING OF ACTIONS**

### **Policies and programmes to support decarbonisation in the housing sector, including allocations for the Welsh Government’s Warm Homes Programme and Optimised Retrofit Programme.**

The development of a whole housing stock approach to decarbonisation will provide for a long-term strategy for energy efficiency, fuel poverty and decarbonisation for the sector. It will help meet the expectations of our second carbon budget Net Zero Wales and integrate with broader housing objectives.

The new programme is expected to support the social, owner occupier and private rented sectors. It is expected to be accessible to all, including those in the ‘able to pay’ category, but include emphasis on funding worst homes first, including those in fuel poverty.

The approach will be developed through the learning from the Warm Homes and Optimised Retrofit (ORP) programmes and aligned to other Welsh Government approaches such as the Welsh Housing Quality Standard and Local Area Energy Planning.

A core element of the new programme will be learning from the collaboration and partnership that has been gained through our multiple housing programmes, for example working successfully with local authorities, Registered Social Landlords RSLs, community groups and others.

Decarbonisation of privately owned homes is undoubtedly more complex than dealing with the social sector or those in fuel poverty so we will continue to apply the ORP ethos of 'test and learn'. ORP and the Innovative Housing Programme are already encouraging small scale local community initiatives, across housing sectors as a starting point.

In the short-term we will continue to deliver the Warm Homes Programme with the capital budget increasing by £5m to £35m in 2023/24 within the draft budget.

### **Optimised Retrofit Programme**

Ministers have prioritised investment in social housing decarbonisation through the funding made available to social landlords through the Optimised Retrofit Programme (ORP).

We are starting in social housing, before moving to other tenures as this is where we have the most levers. Channelling ORP investment through social landlords supports a 'testing and learning' approach to how to decarbonise homes effectively and efficiently.

For the optimised retrofit programme (ORP), targeting test and learn, the investment in social homes is targeted to be £270m over the term of government (with circa £70m invested to date).

### **Delivery of renewable energy and public sector energy efficiency programmes, including funding for the Welsh Energy Service.**

The budget provides capital and revenue to support the operation of the Welsh Government Energy Service. This offers commercial, financial, and technical expertise to the public sector and local energy sector to develop energy efficiency and renewable energy schemes. The service also undertakes a strategic leadership role across the sectors, with a focus on increasing ambition, capacity and capability.

The commitment to Expand renewable energy generation by public bodies and community groups in Wales by over 100MW by 2026 is in addition to the target of 1 gigawatt of locally owned generation by 2030. The programme's Benefit Realisation Strategy indicates the unit will deliver significant revenue and environmental benefits to Wales. The budget allocations will enable us to establish a small team to develop the concept of a Welsh public developer, as described in the Cooperation Agreement, and in parallel actively develop an initially small number of projects for Welsh Government, and in support of communities and public bodies where capacity is a challenge. The draft budget for 2023/24 increases the capital available to the energy service to £25m from £14.5m in 2022/23. This is further supplemented by loan repayments from previous zero interest loans and will help support upscaled delivery of low carbon heat in the public sector.

## **Implementation of recommendations and actions arising from the Welsh Government's deep dive on renewable energy.**

Our deep dive into renewable energy outlined opportunities, discussed barriers and proposed actions we can take to support the upscaling of renewable energy generation in Wales. We are taking forward the recommendations from the deep dive group and our budget reflects this work.

We have funded independent analysis and support to inform the development of our forthcoming consultation on refreshed renewable energy targets. We have funded the Energy Systems Catapult to support the development of Local Area Energy Plans and a national plan and we are resourcing the locally led team to deliver those plans across Wales. We have also appointed external expertise to develop a Heat Strategy for Wales which will include how advice and support is provided to households.

We have prioritised resources to implement the recommendations to address consenting barriers. This includes funding to develop Strategic Resource Areas for Wales' marine environment, funding the end to end review of marine licensing and for National Resources Wales to respond to the growing number of renewable energy projects requiring advice and consenting both onshore and offshore.

Following the deep dive we have increased the funding for the Welsh Government Energy Service (WGES) to support community groups access grants to support their projects. The funding enables the groups to employ staff and explore opportunities for investing in shared ownership projects. We have also awarded Community Energy Wales (CEW) with a four-fold increase of funding to deliver their three-year business plan.

### **Development of proposals for Ynni Cymru**

We continue to work with Plaid Cymru on this important Cooperation Agreement commitment to work towards establishing Ynni Cymru to expand community owned renewable energy in Wales. The work in the short term will focus on the scope of Ynni Cymru working with key partners including Community Energy Wales and the Welsh Government energy Service. We will also focus on how we establish the new entity to support implementation and how Ynni Cymru can work alongside the new large-scale public-sector developer.

## **Environment**

### **Delivery of the Nature Recovery Action Plan, including management and monitoring of the National Sites Network.**

This investment will continue to directly contribute to the delivery of key priorities and actions identified in our Nature Recovery Action Plan (NRAP - <https://gov.wales/nature-recovery-action-plan-2015>) relating to the protection of our habitats and species of principal importance and the creation of resilient ecological networks. This plan is due to be refreshed in 23/24 to reflect the post COP15 Global Biodiversity Framework

The National Sites Network will benefit from funding through the continued delivery of our Nature Networks Programme (NNP) in 23/24 helping to deliver our 30 by 30 target. It is

key to improving the condition and connectivity of our terrestrial and marine protected sites, creating resilient ecological networks which will allow our most endangered habitats and species to thrive. It will also help to deliver nature to wherever people live through engagement with local communities benefitting not only our environment but also our health and well-being. Robust monitoring and evaluation will be an integral part of the Nature Networks Programme.

**Nature Networks Programme, Local Places for Nature, the National Peatlands Action programme and Natur am Byth.**

Nature Networks Programme

Nature Networks Programme (NNP) – This allocation will allow continued delivery of the NNP building on the delivery of Land Management Agreements by NRW and the Nature Networks Fund by Heritage Lottery incorporating the recommendations of the biodiversity deep dive.

Local Places for Nature

The Local Places for Nature Programme is currently in its third year of delivery, with the minimum indicative funding of £23.4M capital and £7.1M revenue allocated for a further two years.

The programme has been very successful in its first two years, with achievements summarised by:

Table 1 – Highlight Outputs for LPfN Programme 2020-2022.

<b>Highlight Output</b>	<b>Totals 2020/21 &amp; 2021/22</b>
Green Spaces Created or significantly enhanced	1460
Wildlife meadows and verges with new mowing practices	455
Community orchards created	290
Community growing projects	345
Volunteers Involved	7000
Trees planted (urban, small dense woodland, verges, parkland)	150 hectares (estimated)

All Programme for Government targeted measures for ‘the creation of Green Spaces’ are deliverable by Local Places for Nature, with many being exceeded. Of particular Biodiversity significance, the programme has funded all Wales changes to the mowing practices of public green spaces and verges. This behaviour change now has momentum which is important to continue.

Welsh Government is currently acting to secure scheme managers competitively to deliver for the next two years.

A minimum funding envelope of £7M Revenue and £23M Capital is required over the next 2 years to ensure programme continuity in line with existing delivery. However, the programme is designed to be flexible to respond to opportunities or take advantage of additional funding.

The flexible nature of the LPfN programme, allows us the rapidly adapt to changing circumstances. As demonstrated by the speed at which my announcement for the additional £3.3M of funding for Biodiversity actions has been amalgamated into the LPfN Local Nature Partnership Scheme.

This programme is highly adaptable to cross departmental working. As demonstrated by the current pilot scheme for increasing Marine and Coastal Capacity, a *Marine and Coastal Partnership Scheme* enabled through Local Places for Nature Programme.

#### National Peatlands Action programme

Analysis of evidence relating to net zero targets is the basis for the increase in the National Peatland Action Programme which is critical to delivering the needs of the population of Wales and has informed these spending proposals.

#### Natur am Byth

Natur am Byth – This allocation will provide the match funding required to deliver this four year NRW led project. The project aims to tackle the decline of the most threatened species in Wales working with a range of partners helping to address the nature emergency.

### **Outcomes of the Welsh Government’s deep dive into biodiversity and anticipated commitments made at COP15.**

The Minister for Climate Change is attending COP15 this year. We have committed to develop and set in law nature targets in Wales to drive our future action – funding will be required to support the technical development of these targets (as outlined above). Our key strategies such as the Natural Resources Policy and Nature Recovery Action Plan will also need to be refreshed to reflect the urgent action required to deliver our commitments against the global targets to reverse nature decline.

The Biodiversity Deep Dive resulted in a range of recommendations aimed to drive forward collective actions we can take immediately to support meaningful delivery of the CBD ‘30 by 30’ goal, as well as tackling the nature crisis. Funding will be allocated to support the delivery of the recommendations and actions. Taking effective action to tackle the nature emergency by 2030 will require adequate funding – budget has been allocated to support the development of an innovative future finance model. Funding has been allocated to ramping up delivery of the Peatland Programme and to further work of the Local Nature Partnerships

### **Development of the new National Park to cover the Clwydian Range and Dee Valley.**

Designation of a new National Park to cover the Clwydian Range and Dee Valley is the responsibility of the Minister for Rural Affairs, North Wales & Trefnydd.

A specific budget allocation in 2023-24 will continue the delivery of the Programme for Government commitment to designate a new National Park to cover the Clwydian Range and Dee Valley.

Designating a National Park is a significant undertaking and the majority of this funding enables Natural Resources Wales, our statutory advisors in this area, to undertake the necessary preparatory formal programme. NRW has completed work on the preparation of an updated and streamlined process for assessing the case for new landscape

designations in Wales within the context of Welsh legislation. Alongside this, NRW is developing the evidence base required to inform the assessment of the case for the new National Park. NRW will also develop an engagement and consultation process to ensure all stakeholders have a voice. This funding ensures NRW takes the Designation work on as effectively and robustly as possible, with the necessary expertise and capacity. 6 new posts have been recruited into a new Programme team.

The funding also provides additional revenue to the Clwydian Range and Dee Valley AONB to build capacity and resilience while the designation work is taken forward and prior to a new National Park being created in the area.

### **Delivery of the Clean Air Plan.**

The aim of the Clean Air Plan for Wales: Healthy Air, Healthy Wales, is to improve air quality and reduce the impacts of air pollution on human health, biodiversity and our economy. The Plan sets out a pathway to achieving cleaner air, structured around four core themes:-

- People – protecting the health and well-being of current and future generations
- Environment – Taking action to support our natural environment, ecosystems and biodiversity
- Prosperity – Working with industry to reduce emissions, supporting a cleaner and more prosperous Wales
- Place – Creating sustainable places through better planning, infrastructure and transport

We are undertaking a wide range of work with Government departments, different sectors of the economy and the public to drive forward the ambitious actions in the Plan. Funding will support the delivery of its commitments, including action to deliver urgent compliance with statutory NO<sub>2</sub> limits, expansion of our incident response capability, and Local Air Quality Management work (ensuring the regime is health focused and is taking a preventative approach). Measures in the Plan will also help to achieve the UK's emission reduction commitments for pollutants by 2030, and will support our decarbonisation aims

### **Implementation of the Woodlands for Wales Strategy, including the National Forest Strategy.**

The draft budget allocates [£8.1m] revenue and [£23m] capital for forestry. While there is a reduction of £1.1m revenue against previous plans, the forestry revenue budget will still be almost £3m higher in 23/24 compared to 22/23.

This will support funding to develop the National Forest, including through creating new woodlands and enhancing existing ones through further rounds of The Woodland Investment Grant, seven National Forest liaison officers to work with landowners across Wales, and funding the creation of Tiny Forests.

Forestry funding will also support the Programme for Government commitment to create a Timber Industrial Strategy and cross-border forestry functions such as tree health and the Woodland Carbon Code.

£32m over three years was committed to the new woodland creation schemes launched in August 2022.

## **Implementation of the National Strategy for Flood and Coastal Erosion Risk Management, including the take up of the Coastal Risk Management Programme.**

The National Strategy for Flood and Coastal Erosion Risk Management sets out how we will manage risk from flooding and coastal erosion over the next decade with the objectives to prioritise investment, improve our understanding of risk, build resilience, prevent more people becoming exposed to risk and respond to events.

The additional funding will help meet the objectives of this Strategy as well as contribute towards our Programme for Government and Co-operation Agreement commitments to increase flood capital investment and national resilience. This is demonstrated through our largest ever investment in flood protection committing in the 2022-23 budget more than £214M over 3 years (Capital and Revenue). This investment will enable our Risk Management Authorities to deliver new and improved defences, maintenance and minor works to existing assets, investigation of flood events, awareness raising activities, forecasting, and warning and mapping and modelling of flood risk. The funding will also help improve forward planning.

The increase of funding in the Flood budget will also help deliver the schemes in the Coastal Risk Management Programme which when complete will reduce the risk from flooding and/or coastal erosion to over 15,200 homes and businesses. This will help deliver almost 35% of our Programme for Government commitment to fund additional flood protection for more than 45,000 homes.

The additional revenue will allow for additional flood protection for more than 45,000 homes, deliver nature-based solutions in all major catchments in Wales and establish a targeted scheme to support restoration of seagrass and saltmarsh habitats along our coastline.

## **Development of permanent environmental governance arrangements, and the work of the Interim Environmental Protection Assessor.**

The Welsh Government remains committed to working towards the establishment of an environmental governance body for Wales during this Senedd term. There is a budget of £480,000 available for this work.

Costs incurred for the Interim Environmental Protection Assessor come out of a budget of £45,000 that is set aside for the IEPAW's functions. This budget previously sat in the EU Exit BEL but will be transferred to the Climate Change MEG from the 2nd supplementary budget for 2022-23 and as part of the Budget process for future years. These interim measures provide a route for people to raise concerns about the functioning of environmental law until the permanent measures are in place.

## **Delivery of the Marine Protected Area Network Management Plan. Natural Resources Wales (NRW) Details of budget allocations for NRW, including:**

Budget will be allocated for funding of successful projects that are awarded during the 2023-24 call for actions, delivering on the priorities and objectives laid out in the MPA network management framework for Wales. Allocations are expected to match awards from previous years and sourced from the Marine Ecosystems and Biodiversity budgets when finalised

## **How the development of the draft budget has been informed and influenced by any emerging findings of the baseline review, and funding for the Offshore Renewable Energy Programme**

In my letter to the committee in May 2022, I confirmed that my officials were working with NRW to examine the allocation of its resources against its statutory functions and Programme for Government commitments in what was known as the baseline review. I asked NRW, working alongside my officials, to provide further information for consideration by the end of July 2022. This information was provided as requested and work continues with NRW to provide further Grant in Aid funding to give certainty in their budgets from the 2023/24 financial year onward. This includes £800k to ensure their Offshore Renewable Energy Programme is funded. In addition, we will work with NRW to consider a Renewable Energy Service Level Agreement which will consider funding for the OREP alongside arrangements for delivery of recommendations arising from the end to end review of Marine Licensing.

We will continue to work closely with NRW to ensure the resources they have available is both commensurate to need and aligned with their statutory responsibilities and Programme for Government commitments. Over the next years, we will focus on ensuring that NRW have the greatest flexibility possible when allocating their resources and, where possible and appropriate, remove barriers which prevent them from doing so.

## **National Infrastructure Commission for Wales (NICW) Details of budget allocations for the NICW**

In the summer of 2022, the Deputy Minister appointed a Deputy Chair, Dr Jennifer Baxter, and 6 new Commissioners to work alongside the Chair, Dr David Clubb.

In November, NICW published its annual report, setting out its work programme for the next 3 years.

Research on renewable energy is underway. This involves three pieces of work looking at the tensions arising from renewable energy developments; how we can best capture the value of renewable energy for Wales; and how we could be engaging with communities on renewable energy developments in the future. Commissioners Aleen Khan and Nick Tune are leading on this work.

The Co-operation Agreement between Labour and Plaid Cymru commits NICW to assessing how the nationwide likelihood of flooding of homes, businesses and infrastructure can be minimised by 2050.

Work is currently underway to scope out projects which will assist NICW in undertaking this assessment. A Project Advisory Group of technical experts is also being formed to help guide this work. Commissioners Eurgain Powell and Eluned Parrott are leading on this work.

## Paper 12a - Budget Expenditure Lines - Climate Change MEG

Details of the Budget Expenditure Lines for the Climate Change Main Expenditure Group can be found here:

[Supporting tables for ministers' written evidence to Senedd scrutiny committees](#)

# Paper 13 - Children, Young People and Education Committee – written evidence by the Minister for Social Justice - paper only

## Children, Young People and Education Committee

**Title: Scrutiny of the Welsh Government’s draft budget 2023-24**

### Views on the Draft Budget

1. As a Welsh Government, we will continue to work to prioritise our budgets to shield the most vulnerable and maintain our commitment to create a stronger, fairer and greener Wales as we prepare our draft Budget 2023-24. There is no doubt, however, that this has been a challenging budget, the most challenging since devolution.
2. We have published our Strategic Integrated Impact Assessment (SIIA) of the Draft Budget which outlines the contextual evidence that has supported our spending decisions, including those related to children and young people. The SIIA is just one of a suite of documents published as part of our Draft Budget, with the impact of spending decisions outlined as part of the main narrative in chapter four, complemented by the SIIA at Annex A. Following publication of the Draft Budget we will publish an extensive summary of all Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG; this will provide a more detailed account as to how Draft Budget decisions have impacted on different groups.
3. The Budget Improvement Impact Advisory Group (BIIAG) formerly the Budget Advisory Group Equality (BAGE), was set up in February 2022. The role of the Group is to provide advice, feedback and evidence from an equalities and inclusion perspective to ensure that budget and tax processes improve over the longer term, to better align funding to outcomes including. The Group is primarily intended to support delivery of the Welsh Government Budget Improvement Plan (BIP). The BIP is committed to exploring how we can better improve our approach to assessing the impact of Budget decisions. We are currently working with Children in Wales, Young Wales Project Board to co-produce a Young Person’s version of the BIP which will be published in December 2023.
4. People across Wales are facing an uncertain future as a result of this unprecedented cost-of-living crisis. Families with children are more likely to be impacted than those without.
5. Those who will be most affected will be children from a household that has protected characteristics:
  - This includes children and young people who are disabled or live in a household with a disabled person
  - Black, Asian or minority ethnic children
  - Children in single parent households
6. In addition, families that are more at risk from the cost of living crisis include:
  - Households where the children are young

- Children who live in larger families where there are more children
7. As part of this year's 2023-24 Draft Budget a number of allocations have been made respect relating to Children and Young People. This includes continuing our commitment to support the Pupil Deprivation Grant with an additional allocation of £9m in 2023-24. This is designed to help children and young people from lower income households and looked after children overcome the additional barriers that prevent them from achieving their full potential.
  8. Schools in Wales are directly funded by local authorities – funding for schools is mainly provided through the local government settlement. As a result of the decisions we are taking, we are providing an additional £227m in 2023-24 and £268m in 2024-25 to the local government settlement which will include support for schools; this builds on the £0.75bn we outlined up to 2024-25 as part of our 2022 – 2025 Spending Review.
  9. In addition to funding we are providing for schools via the Local Government Settlement, we are providing extra funding through Education budgets with an additional £5.5m to support the continuation of the Recruit, Recover and Raise Standards (RRRS) Programme in line with our Programme for Government commitment and a further £4.5m to support implementation of the Additional Learning Needs Act as part of our long-term programme of education reform. In addition, we are providing an additional £9m to support post-16 provision, including a review of Renew and Reform funding and other distinct pressures for school sixth form and FE sector.
  10. We have also been able to make an allocation of £18.8m for the Discretionary Assistance Scheme and an allocation of £2.2m for the Basic Income Pilot. Data suggests that 50% of DAF payments are made to households with children. The additional support will ensure that this funding continues to be in place when individuals and families across Wales are facing unprecedented costs for the most basic of things, such as food and fuel. The basic income pilot is a radical intervention, supporting a group of young care leavers with an income of £1,600 (before tax) every month. We continue to support the pilot, which will run for the next two years and are allocating an additional £2.2m in 2023-24.

### **Working across Cabinet to ensure budget advance equality and social justice**

11. As a Cabinet we are committed to promoting equality and social justice; these issues are considered through the cost-of-living Cabinet Sub-Committee as well as the Programme for Government Cabinet Sub-Committee.
12. In March this year, I took a paper to Cabinet on cross-government measures for tackling poverty. My cabinet colleagues gave their unequivocal support. I held a series of follow up bilateral meetings to discuss what more we can do across government to tackle poverty and inequality. The Minister for Education and Welsh Language presented at the most recent Tackling Poverty and Cost of living Summit in November and the Minister for Climate Change and Minister for Finance and Local Government have also contributed at the Summits we have held in 2022. The Deputy Minister and Social Services and I have held a number of joint meetings with stakeholders as our commitment to improving outcomes for children and young people are inextricably linked.

## **Child Poverty**

13. Ministers are committed to achieving the objectives which focus on reducing the number of children living in workless households, increasing the skills of parents and young people, reducing inequalities in education, health, and economic outcomes, creating a strong economy and labour market and action to increase household income.
14. As you are aware, the Cost of Living Cabinet Sub-committee, which is chaired by the First Minister, provides strategic direction to our response to the cost of living crisis. The Committee is focusing Welsh Government efforts, and those of our partners, in improving outcomes for low income households and ensuring a joined-up approach across portfolios.
15. Our Child Poverty Strategy sets out the Welsh Government's objectives for tackling child poverty through a focus on what we know works well using the levers available.
16. We will report on progress in achieving our child poverty objectives before the new year. I have given a commitment to refresh the current strategy. While the objectives remain relevant, the strategy itself does not recognise the impact of the pandemic, our exit from the EU or the cost of living crisis on poverty.
17. The new strategy will set out the collective approach we are taking as a Government to tackle child poverty. I will be taking a paper to Cabinet in January which will provide an opportunity to discuss our approach further.
18. The costs associated with developing the refreshed strategy will be minimal. They will relate to stakeholder engagement and steps taken to ensure that stakeholders and organisations, people and communities and children and young people can have their say. Funding will be allocated to support us to take steps to ensure that the voices of those most disadvantaged by poverty, have their voices heard.

## **Educational outcomes, Pupil Development Grant and attainment gaps**

19. Countering the effects of poverty on children and young people's attainment is central to our flagship Pupil Development Grant (PDG). Year on year we have extended the PDG to reflect the increase in eFSM learners, with funding for 2022-23 at over £130m. This includes the Early Years PDG (EYPDG).
20. The current cost of living crisis and economic downturn is having an impact on lower income households. Building on the additional £20m allocated as part of last year's Spending Review, we are allocating a further £9m to the PDG from 2023-24 to support our most economically vulnerable learners.
21. We continue to work closely with PDG regional representatives to identify those areas where funding can have most impact, particularly in the context of the recommendations from the Review of School Spending in Wales report; prioritising additional funding for more deprived schools; and working with local authorities on ensuring more consistent and transparent school funding formulae.
22. We have made it clear that tackling the impact of poverty on attainment is at the heart of our national mission in education. The PDG has a key part to play in achieving this and we will build upon existing effective practice by ensuring that we target the funding

as well as possible. Whilst ultimately the use of the PDG should be decided by schools, these decisions need to be more strategically influenced, better grounded in evidence and rigorously monitored for impact. To that end, we have updated the terms and conditions of the grant and will be producing new guidance for schools on the use of the PDG working closely with the Education Endowment Foundation.

23. We are working with Bangor University who are undertaking research on the Effective Targeting of School Deprivation Funding in Wales. The key aims of the research project are to:
  - Review how PDG is used in Wales and how similar grants are used in other parts of the UK.
  - Review the main indicators schools use to target funds and design interventions.
  - Evaluate how reporting impacts on learners, school staff and learner outcomes.
  - Review and make recommendations on appropriate measures and evidence of outcomes.
  - Identify what further work is required to ensure future policy making, resource allocation and targeting of resources at school level are fully optimised and evidence based.
24. Looked After Children are among our most vulnerable children and young people. In addition to support via the PDG, since 2021-22 we have provided start-up grant funding to a number of local authorities across Wales to implement a Virtual Schools model which aims to improve the educational experiences and outcomes of both looked after children and previously looked after children. The budget for 2022-23 is £1.1m and this is an ongoing pilot which will continue into its final year in 2023-24.
25. We have identified a small group of leaders to work as Attainment Champions who will provide focused peer to peer support to headteachers in schools involved in the pilot, attend round table discussions on lessons learnt, provide insights on their experience and advocate for this important policy area. This is a supportive and self-selecting pilot, working with headteachers who have demonstrated sustained progress addressing the impact of poverty on educational attainment, have experience of mentoring and capacity building and insight into the increasing pressures of the cost of living on parents and families. The pilot will see system leadership in action and is focussed on what we can learn about this supportive approach to inform future policy and practice. The pilot is being delivered by the National Academy for Educational Leadership and we are providing £157,600 for this work
26. The Programme for Government 2021-2026 commits the Welsh Government to: *Invest in the learning environment of Community Focused Schools, co-locating key services, and securing stronger engagement with parents and carers outside traditional hours.* This is a key part of delivering educational equality through our policy for tackling the impact of poverty on educational attainment. It is equally part of our aim to build communities that are thriving, empowered, and connected.
27. Our ambition is for all schools in Wales to be Community Focused Schools - responding to the needs of their community, building a strong partnership with families, and collaborating effectively with other services.
28. In 2022-23 we have invested:
  - £3.84m in increasing the number of family engagement officers employed by

- schools, with part of their role to be focused on improving pupil attendance;
- £660k to trial the appointment of community focused schools managers; and
- £20m of capital investment to allow schools to develop further as community assets, making the school more accessible and open to its local community.

### **Minority Ethnic, Gypsy, Roma, Traveller Grant (MEGRT)**

29. We understand the particular language and cultural barriers children from ethnic minority and Gypsy, Roma and Traveller backgrounds can face, which is why it is crucial they receive support to reach their full potential.
30. We have provided a total of £11m to local authorities in 2022-23 via the Minority Ethnic, Gypsy, Roma Traveller (MEGRT) grant to fund local authority support services, with funding being maintained for 2023-24. This funding supports the educational needs of all children and young people from ethnic minority communities, including Refugees and Asylum Seekers. This funding recognises the important role local authority services provide in supporting children and young people, and the sustained increase in numbers of minority ethnic learners with English or Welsh as an additional language, who need support.

### **Digital Inclusion in schools**

31. As part of our 'Stay safe. Stay learning' programme, Wales was well positioned to support all learners with remote learning and quickly established support for digitally excluded learners in maintained schools through the foundations established by the Hwb EdTech programme.
32. The Education Policy Institute recognised the Welsh Governments digital strategy, existing infrastructure and collaboration with local authorities as key enablers for schools across Wales to deliver digital learning, particularly during the pandemic.
33. Digital equity is of paramount importance and the Welsh Government is committed to identifying new opportunities to support schools and local authorities to improve standards and reduce the impact of education on households, such as providing the all Wales Microsoft Education licensing agreement to allow all learners and teachers to download Microsoft Office at home **for free**.
34. Welsh Ministers are also fully committed to maintaining support for the Hwb EdTech programme to ensure that all maintained schools have equitable access to online tools and resources which can be accessed anytime, anywhere. The Welsh Government has invested over £180 million, including a further £10million this financial year, to future proof education technology infrastructure; provided over 230,000 end user devices, with significant work underway to refresh the teaching and learning tools and peripherals across Wales to help deliver the Curriculum for Wales.
35. Schools across Wales can also benefit from the Hwb digital learning platform, which is helping to improve the use of digital technology for teaching and learning. Hwb provides all learners and teachers in maintained schools, as well as other education stakeholders, such as trainee and supply teachers, with access to a range of bilingual digital infrastructure, tools and resources that are helping to transform digital teaching and learning in Wales. The Hwb digital learning platform has been designed to ensure the resources, tools and services can be accessed anywhere, anytime from an internet connected device.

36. Through these initiatives the Welsh Government have provided national foundations capable of supporting and delivering real transformation to the Education sector. It also ensures digital is at the heart of the Curriculum for Wales and provides support to schools to inspire our teachers and learners to create a culture which embeds digital practices.

### **Financial inclusion and its link with the new curriculum**

37. Financial Inclusion and the Financial Wellbeing Delivery Plan for Wales aligns closely with the new curriculum in delivering learning for children from 3 to 16 years of age.

38. [The Delivery Plan for Wales](#) provides activities that aims to help 90,000 more children and young people in Wales getting a meaningful financial education and was co- produced by Welsh Government and Money and Pensions Service (MaPS).

39. Financial education is any activity that helps children and young people develop the knowledge, skills, and attitudes they need to manage their money well in later life. Financial education has very strong links to most aspects of future/adult financial wellbeing. The Well-being of Future Generations Act 2015 gives Wales the ambition, permission, and legal obligation to improve social, cultural, environmental, and economic wellbeing.

40. The following actions are contained in the Financial Foundations section of the Plan:

- supporting credit unions to provide school savings schemes to increase the number of school-age children saving regularly supporting financial resilience. Welsh Government is currently supporting four credit unions to deliver school savers projects within Merthyr Tydfil, Swansea, Neath and Port Talbot, Cardiff, and Bridgend. Different delivery methods are used – some schemes are children led maximising the learning opportunities, some teacher/volunteer led and others run by a dedicated school's officer;
- delivers the bilingual Your Money Matters textbook to all secondary schools in Wales and will evaluate its impact; and
- Financial education in the home, in government training programmes and in other youth settings is also a priority. Talk, Learn, Do (TLD) was developed and piloted in Wales. It helps parents/carers have conversations with children about money with the aim of improving financial capability. The TLD programme will also be expanded to include content for teenagers and young people, enabling parents of older children to support their transition into adulthood. Digitise Talk, Learn, Do (TLD) content Scope and engage a digital agency to create and publish TLD content digitally.

41. The teacher training pathfinder being delivered by Young Money in partnership with the Welsh Government addresses the limited support for teachers in delivering financial education. The aim is to continue to promote the learning in Wales and encourage more uptake for teachers to enhance teacher knowledge, skills, and confidence in teaching about money, and improve young people's financial capability. Findings from the Wales pathfinder were published in Spring 2022 with, E-Learning being delivered in Wales (research

evaluation <https://maps.org.uk/2022/05/11/financial-education-professional-learning-for-teachers-in-wales-pathfinder-evaluation/>)

42. The aim is to launch in other three nations by the end of 2022, with teacher training to commence in Spring 2023, ready for evaluation and next steps planning by Autumn 2024.
43. Officials are working with the MaPS and the steering group to continually monitor the roll out of these actions given the landscape change post Covid, and in the context of the cost-of-living crisis.
44. The Delivery Plan is supported with input from over 90 stakeholders in Wales including banks, building societies, educational institutions, government departments and this joint working with MaPS is vital to its success. We continue to work in partnership on this delivery.

### **Higher education**

45. We provide the most progressive student finance system in the UK by providing living costs grants to support to those who need it most. The highest levels of grant are targeted to those students from households with the lowest incomes. Ensuring all eligible students have access to the same maximum amount of funding creates parity of opportunity for Welsh students.
46. Support is available to those wishing to study a designated higher education course at a university or further education institute in the UK and covers study at undergraduate through to postgraduate.
47. We provide additional support for disabled students to ensure they benefit from the same higher education opportunities and study experiences as their non-disabled peers. A non-repayable grant of over £32,000 per academic year is available for non-medical help, mobility assistance, equipment and where necessary, upgrades to living accommodation. The grant is non-means tested and available to eligible undergraduate, postgraduate, full-time, part-time and distance learning students without reduction; support is based on the student's needs.
48. Eligible care leavers aged under 25 are not means tested and automatically receive the maximum maintenance grant available. Universities in Wales also support care leavers through various projects, bursaries, and work with specialist charities. This work is expected to continue.
49. Welsh Government listened to young carers and has worked with the Student Loans Company to improve guidance to practitioners. As a result, greater discretion in attendance management for carers was agreed, ensuring they were not unnecessarily penalised for absences while caring.
50. We also have grants available for those in higher education with caring responsibilities, including a Childcare Grant, a Parents' Learning Allowance and an Adult Dependents' Grant.
51. Students with dependants can also apply for additional means-tested grants (known as Grants for Dependants) to support them with any additional costs they incur. This includes childcare. Furthermore, in academic year 2022/23, we removed the restriction preventing students on distance learning courses accessing these grants in recognition

of the increase in blended learning and students seeking part-time study to help balance study and existing commitments. This is now available to new and continuing students.

52. We recognise that many students studying in Wales will not have access to our generous package of student support but the funding we have provided, to bolster hardship funds and mental health services and other support during the pandemic, and other emergency support being offered to students during the current crisis is available to all students, including our international students.
53. Widening access to higher education and beyond makes a significant contribution to society and the economy of Wales, supports our efforts to tackle inequality, social justice, social mobility, economic upskilling and institutions' civic mission activities such as working with schools.
54. HEFCW's Widening Access Programme of Action sets out how it delivers its approach to widening access under a number of strategic themes. Carers feature as an under-represented cohort and one of HEFCW's strategic priorities is to: 'prioritise carers, looked after children and care leavers in Widening Access strategy development and implementation'. Actions towards this priority include:
- Reaching Wider Programme strategies and plans to demonstrate partnership working with FE, schools and other organisations to prioritise carers, looked after children and care leaver activities; and
  - publish fee and access plan guidance to encourage support for carers, looked after children and care leavers.
55. The Programme of Action is supported by HEFCW's Reaching Wider Programme (RWP). By working with priority schools, colleges and communities the RWP aims to increase higher education participation from priority groups and communities in Wales by raising educational aspirations and skills and creating innovative study opportunities and learning pathways to higher education.
56. Over the current strategy period (2022/23 to 2024/45) HEFCW plan to invest £2m annually to support RW Partnership strategies. In addition, higher education institutions fund their contribution to the RW Programme through fee and access plan investment of £1.7m annually, giving a total investment over the period of £3.7m annually from 2022/23.
57. The aim of the programme is to engage with primary and secondary schools; young people up to the age of 18; adults aged 21 and over with no HE qualifications, from the bottom two quintiles of the Welsh Index of Multiple Deprivation. The project also works with care experienced individuals and carers; people with disabilities; and people from ethnic minority backgrounds to help reduce barriers to education faced by these groups.
58. HEFCW have been remitted to continue to support institutions in achieving rapid and sustained progress in tackling racism and improving the experience of staff and students in HE regardless of their racial background. This includes institutions working towards the achievement of a charter mark as a demonstration of their commitment to eradicating racism and racial inequality at all levels within the sector
59. HEFCW has allocated funding for universities in Wales to support race equality in higher education. The purpose of the funding is to prevent inequality, tackle anti-racism, support culture change and contribute to delivering the Welsh Government's Anti-racism

Wales action plan.

60. Our Anti-Racist Wales Action Plan, which was published following extensive consultation, includes specific actions for HE. The goals and actions we have set for HE build on the good work already being done within the sector and support their work to improve the experience of staff and students in HE regardless of their racial background.
61. All universities in Wales have hardship funds in place to support students in financial difficulty. Information about what support is available is provided on their websites and promoted through a range of channels.
62. Our universities have been taking steps to support their staff and students in dealing with the impacts of increased cost of living and other financial pressures. Measures being put in place include increased hardship funds, means-tested bursary schemes, short-term loans and crisis grants; warm study spaces; free or low-cost food and hot meals; on campus food banks; free period products; free online money and financial advice; free access to sporting and other activities; as well as increased mileage allowances for students on placements.
63. The steps being taken by our institutions, in addition to supporting their mental health and well-being, will help students to stay well and continue to engage with their studies, ensuring they are able to succeed and achieve their ambitions and get the most out of their university experience.
64. Recognising the particular difficulties and challenges posed by the pandemic we allocated additional funding of £50m to HEFCW in 2020-21 to bolster support for students, particularly those facing financial, emotional or mental health difficulties. £10m was provided specifically for student mental health and well-being services and £40m to boost support for students facing financial hardship.

### **Allocations for the work of the office of the Children's Commissioner**

65. Within a very challenging financial context, we are pleased to be able to provide the Children's Commissioner for Wales with an uplift to her budget.
66. This will enable the Children's Commissioner to carry out her important work as an independent human rights organisation in support of children's rights and entitlements and enabling their voices to be heard.
67. This funding will enable the new Commissioner to plan her work in line with the priorities shared with her by children and young people via her Ambitions for Wales survey. The results of that survey will be published in the new year. From the Committee's recent scrutiny of the Commissioner's Annual Report, the Committee is already aware of some of those concerns which are centred on children having enough money for the things they need.
68. maintain the financial position of the Commissioner's office so that it can continue with its casework, participation activity, training and supporting the needs of all children in Wales.

Paper 14 - Culture, Communications, Welsh Language, Sport and International Relations Committee – written evidence by the First Minister - paper only

Y Gwir Anrh/Rt Hon Mark Drakeford AS/MS  
Prif Weinidog Cymru/First Minister of Wales



Llywodraeth Cymru  
Welsh Government

Delyth Jewell MS  
Chair  
Culture, Communication, Welsh Language, Sport  
and International Relations Committee  
Senedd Cymru

15 December 2022

Dear Chair,

I am writing in response to your letter of 8 November on the Welsh Government Draft Budget 2023-2024.

International Relations

The table below provides a breakdown of the indicative **2023-24** Draft Budget allocation for International Relations.

Budget Expenditure Line	2023-24 Indicative Draft Budget December 2021	MEG to MEG Transfers	2023-24 Indicative Final Budget March 2022
	£000s	£000s	£000s
International Relations	8,904	(350)	8,554
<b>Action: International</b>	<b>8,904</b>	<b>(350)</b>	<b>8,554</b>
<b>SPA: International</b>	<b>8,904</b>	<b>(350)</b>	<b>8,554</b>

The budget reduction of £350,000 to £8.554m is the result of an agreed MEG to MEG transfer from International Relations to International Development to help deliver Wales and Africa aspects of the International Strategy. The transfer took place in 2022-23 and it will also be actioned in 2023-24 and 2024-25 extending the transfers of £350,000 to the end of

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

the International Strategy. The above table is taken from the published 2022-23 to 2024-25 Final Budget BEL tables.

There has since been a further budget reduction of 2% to the International Relations budget as part of the Welsh Government autumn budget reprioritisations and budget reductions within the MEG. Therefore, the International Relations budgets for 23-24 has decreased from £8.554m to £8.383m (£0.171m reduction).

It has been agreed that as part of the first supplementary budget process for 2023-24, an additional £100,000 will be transferred from the International Relations BEL within the Central Service and Administration MEG to the International Development BEL within the Social Justice MEG to cover inflationary pressures for the Mbale Tree Planting project. This transfer is for the year 2023-24 only. That means that the revised budget for International Relations in 2023-24 will be £8.283m.

The **2021-22** final out-turn for International Relations was £5.861m against a budget of £8.554m - an underspend of £2.692m. This variance is due to delays in the planned reinforcement of the overseas offices and reduced engagement activities throughout the year. Both factors are effects of the Covid pandemic which continues to impact regions around the world at different times.

The International Relations budget for **2022-23** was initially £8.554m. The First Supplementary Budget 2022-23 for International Relations Budget then reduced that budget from £8.554m to £8.537m due to the return to reserves of £17,000 for IAS17 leases.

International Relations also agreed to transfer £100,000 to the Economy MEG to support the World Cup marketing campaign, with a focus on values, and a second £20,000 transfer to the Economy MEG to support Welsh artists representing Wales at the Lorient Festival.

International Relations will also receive a one off funding allocation from the FCDO of £7,000 to support country based staff pay awards. Resulting in a £8.424m budget for International Relations in 2022-23.

International relations are forecasting a 2022-23 outturn of around £7.9m and therefore an underspend for this year in the region of around £524,000 TBC. It should be noted that there are several variables around this forecast and we will keep it under review. The Covid pandemic has continued to impact our network and engagement this year – although to a lesser extent than in 2021-22.

### International Development

The International Development Draft Budget for 2023-24 is £1.275m which is made up of £925,000 from a different MEG under the responsibility of the Minister for Social Justice, plus the above-mentioned MEG to MEG transfer of £350,000 from International Relations to deliver aspects of the International Strategy (Mbale Tree

Planting project and women's empowerment projects). As stated above, this transfer will also be actioned in 2024-2025 until the end of the International Strategy.

As part of the supplementary budget process for 2023-24, an additional £100,000 will be transferred from the International Relations BEL within the Central Service and Administration MEG to the International Development BEL within the Social Justice MEG to cover inflationary pressures for the Mbale Tree Planting project. This transfer is for the year 2023-24 only

The International Development budget for 2021-22 was £1.275m, of which only £350,000 was under the responsibility of the First Minister. The final out-turn for the year was £6.775m with the agreed overspend of £5.5m in 2021-2022 due to the £4m DEC donation to Ukraine and a further £1.5m spent on Covid-related grants of which £0.633m was incurred as capital spend.

The International Development budget for 2022-23 is £1.275m and the forecast out-turn is £1.375m which includes a forecast pressure of £100,000 for the DEC Pakistan floods appeal. This overspend is to be met by underspends in the Social Justice MEG.

The First Supplementary Budget 2022-23 for International Development is £1.275m.

### **Other information**

The International Relations budget for 2023-24 is £8.283m, after the £350,000 MEG to MEG transfer of £350,000 from International Relations to deliver aspects of the International Strategy (Mbale Tree Planting project and women's empowerment projects) and an additional £100,000 MEG to MEG transfer of £100,000 to cover inflationary pressures for the Mbale Tree Planting project is taken into account.

Of this £8.283m 2023-24 International Relations budget, £4.684m has been allocated to the overseas offices running cost budget, £0.75m to the overseas offices activity budget and then £2.849m is allocated to the International Engagement budget.

Within this International Engagement budget of £2.849m, £150,000 has been allocated to the Priority Regional Relationships and Networks Action Plan, £1.3million for Public Diplomacy and Soft Power Action Plan and £190,000 has been allocated to the Diaspora Engagement Action Plan. The remaining budget of £1.21m will be used to fund cross-cutting activity which supports our overarching International Relations objectives and the International Strategy rather than be associated with a particular Action Plan.

The pandemic has had a significant impact on our work given the varied response to the situation across the globe. This has impacted our ability to plan and deliver events, with a number of activities moving online. However, the pandemic has also raised awareness of Wales on the global stage, and there has been interest

in Wales' response to COVID-19. Activity is now returning to normal in many parts of the world, with China remaining a notable exception.

## **Specific areas**

### **International Strategy**

Engaging our global diaspora, priority regions and countries, arts and sports organisations and promoting the Well-being of Future Generations partners will continue to be a significant focus for us and we will continue to allocate funding from our international engagement budget in 2023-24 to support this.

We will continue to work closely with our strategic partners to prepare delivery plans for 2023-24 as well as seeking opportunities for cross-collaboration to bolster our delivery of the Strategy.

We expect our strategic partners to submit their engagement and delivery plans in the first quarter of next year and we will consider their request for resources accordingly. We will also continue to work with strategic partners that we do not directly fund but contribute to the delivery of the Strategy.

### **Wales and Africa Programme**

The 2023-24 Wales and Africa budget is £1.375m – with the MEG to MEG transfers of £350,000 and £100,000. The Wales and Africa programme is part of the portfolio of the Minister for Social Justice with £450,000 (via transfers) from the International Relations budget contributing to the Wales and Africa Action Plan.

The £450,00 International Relations funding contributes to a grant of £550,000 to Size of Wales, primarily to deliver the Mbale Tree Planting Programme, with some funding allocated to the Bore Community Forest project in Kenya.

Other commitments within the Minister for Social Justice Wales and Africa budget include a grant of £349,000 for Hub Cymru Africa who themselves determine funding allocation of that grant. The Fair Trade Nation Campaign is resourced from within this grant. It also includes a contract of £286,000 to WCVA to deliver and award the Wales and Africa Small Grants Scheme – grants of between £5,000 and £25,000, a grant of £20,000 to DEC Cymru to assist with their fundraising and co-ordination and £100,000 to deliver the International Learning Opportunities Programme – sending people on 8 week placements to Uganda, Namibia and Lesotho.

### **International offices**

The budget for the International Offices is £5,434,000. This is split into an annual overseas offices running cost budget of £4,684,000 and an annual combined activity budget of £750,000. The overseas offices running cost budget includes office rent, FCDO

platform charges and staff salaries and on- costs. The activity budget supports network-wide activity for the overseas offices. We do not set programme running cost budgets for each office as these are managed centrally. The overseas offices are also able to bid into the International Engagement budget to deliver against the action plans and cross cutting activity.

The International Offices deliver against the stated aims of the International Strategy and associated Action Plans, as well as the published remits of the individual offices.

In terms of our engagement with major/international events, we started an 18-month programme of sports diplomacy in August 2022 - looking to capitalise on the opportunities of Wales' qualification at a number of major tournaments across a range of sports including hockey, netball, rugby and football. This began with an event at the Commonwealth Games which saw a focus on women and girls' participation in sport bringing together an international audience to hear from past and present athletes. As part of the FIFA Mens Football World Cup, we have arranged a series of events across the globe aimed at raising awareness and the profile of Wales. Over the next year we will look to maximise sporting opportunities starting with the Hockey World Cup in India in January through to the Rugby World Cup in the Autumn in France. We will also look to prioritise opportunities within Wales including the European Wheelchair Rugby Championships in Cardiff in May 2023. We are also planning engagement at a range of other international events both within Wales and beyond including the Hillary Clinton Global Challenges Summit in Swansea. Soft power, by the very nature of its activity, is difficult to measure but is nevertheless a valuable tool in our international engagement. If you require further clarification regarding the above, please do not hesitate to contact me. I look forward to further exchanges with the Committee.

Yours sincerely

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive, slightly slanted style.

**MARK DRAKEFORD**