



Llywodraeth Cymru  
Welsh Government

# Welsh Government **Draft Budget 2024-25**

Ministers' written evidence to  
Senedd scrutiny committees  
on allocations within each  
MEG December 2023

**gov.wales**

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# Information to inform scrutiny of the Draft Budget 2024-25 by Children, Young People and Education Committee

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## 1. Allocations for children and young people

### Request 1

Allocations in the Health MEG by Action, and Budget Expenditure Line (as directly relevant to children and young people):

- Draft Budget 2024-25
- Final Budget 2023-24 allocations
- 2023-24 First Supplementary Budget
- Forecast 2023-24 out-turns
- 2025-26 indicative budget (if set)

A description of any changes to baselines used in the Draft Budget 2024-25 from the First Supplementary budget June 2023.

### Response

Budget Expenditure Line	2023-24 Final Budget	2023-24 First Supplementary Budget	2023-24 Forecast Outturn P8	2024-25 Draft Budget
	£m	£m	£m	£m
A Healthier Wales – (Early Years) – BEL 0060	7.200	7.200	6.493	6.850
Support for Childcare and Play – BEL 310	100.951	99.727	88.404	82.378*
Support for Children’s Rights – BEL 311	1.020	1.020	0.920	1.020
Supporting Children – BEL 410	3.865	3.865	3.883	3.865
Supporting Families and Children – BEL 1085	11.710	11.710	5.465	5.960*
Children and Communities Grant – BEL 1087	171.045	172.269	171.861	174.583*
CAFCASS Cymru – BEL 1268	15.195	15.195	15.195	15.873
<b>TOTAL</b>	<b>310.986</b>	<b>310.986</b>	<b>292.221</b>	<b>290.529</b>

*\*Note – elements of budget is moving from BEL 310 and BEL 1085 into BEL 1087 in 24-25 as grants move into the main Children and Communities Grant.*

## **A Healthier Wales – (Early Years) – BEL 0060**

### **£0.350m budget reduction**

A proportionate reduction was made to this BEL as part of the budget review and reprioritisation exercise carried out in the HSS MEG for 2024-25. Impacts were considered and discussed with Ministers. This will also apply below where 'budget reductions' are referenced.

## **Support for Childcare and Play – BEL 310**

A £14.7m budget reduction from the 2024-25 indicative budget of £99.151m and a budget transfer of £2.073m, within the MEG, to BEL 1087 - Children & Communities Grant. There is also a budget transfer included for 1<sup>st</sup> Supplementary 2023-24 of £1.224m moving to the CCG non recurrently.

The budget reduction was made from the main Childcare Offer budget line £11.2m, the Early Years Pathfinder budget line £3m and the CIW / SCW and Workforce budget £0.5m

## **Support for Children's Rights – BEL 311**

No changes

## **Supporting Children – Bel 410**

No changes

## **Supporting Families and Children – BEL 1085**

A £4m budget reduction and a budget move of £1.1m, within the MEG, to BEL 1087 - Children & Communities Grant.

The £4m budget reduction is, £3.5m from Baby Bundles and £0.5m from the Children & Families Communication budget.

### **Children and Communities Grant – BEL 1087**

A reduction of £7.085m from the indicative 2024-25 Children and Communities Grant (CCG) budget allocation of £178.495m

A budget transfer between BELs of £3.173m, from within the MEG, from BELs 310 and 1085, with grants being added to the bigger CCG brings the total 2024-25 budget to £174.583m.

### **CAFCASS Cymru – BEL 1268**

A budget increase of £0.678m which relates to the baseline adjustment for the 2023-24 pay award for CAFCASS staff.

## **2. Impact Assessments**

### **Request 2**

- **Combined CRIA across all portfolios:** The overall Child's Rights Impact Assessment (CRIA) undertaken to inform allocations in the draft Budget 2024-25.
- **CRIA for Health and Social Services MEG:** The CRIA for the Health and Social Services MEG for 2024-25.
- **Other impacts:** Details and/or examples of any changes made to allocations within the Health and Social Services MEG following considerations of equalities, sustainability, the Welsh language, and the Wellbeing of Future Generations.

### **Response**

The Strategic Integrated Impact Assessment published as part of the 2024-25 Draft Budget gives due consideration to the United Nations Convention on The Rights of the Child. The integrated approach underpinning the SIIA enables us to better understand the intersectional and unintended impacts of spending decisions and to maximise the impact of available funding, reducing the disproportionate effect on any one specific group or area. To consider 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.

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.

The stark reality of the extraordinary financial circumstances we are facing has necessitated a more fundamental approach. We have re-shaped the indicative spending allocations within our budget to provide extra funding and protection for the

services which matter most to people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services. We have done so in line with our principles to:

- Protect core, frontline public services as far as possible.
- Deliver the greatest benefit to households which are hardest hit.
- Prioritise jobs, wherever possible.
- Work in partnership with other public sector bodies to face this financial storm together.
- Re-focus funding away from non-devolved areas, which the UK Government should be funding.

We have taken this approach to ensure we continue to focus funding where it can have the most positive impact in the circumstances, and taking action to ensure we mitigate direct impacts to people and places, as far as possible. Spending more in some areas means there is less to spend in other areas. Where hard decisions have been required, we have sought to identify those areas where the relative impacts are lesser than their alternatives, and we have sought to take action to mitigate impacts as far as possible. Given the circumstances, it has not been possible to avoid negative impacts in all cases.

Further details are contained within the Strategic Integrated Impact Assessment, Annex A in the link below:

[Draft Budget 2024-2025 narrative \(gov.wales\)](#)

### Health & Social Services MEG

It is important to note that over £10.5 billion (93% of the HSS MEG) is allocated on direct funding to the NHS, with many other budgets lines also supporting NHS services. Following publication of the draft budget for 2024-25, Health Boards have been issued their budget allocation and are required to submit their plans for 2024-25, living within available budgets. All decisions by health boards will be subject to quality impact assessments, balance of risk judgements and potential consultations, if decisions impact on service change. Each health board will face different



challenges in terms of their local population's needs and the configuration of services. Actions taken to manage cost pressures will vary according to each organisation and will be subject to local determination.

The vision under *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, funding will be allocated to support our Programme for Government commitment on Early Years and Childcare.

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 have continued to frame our budget allocations in line with preventative activities, focussing on positive interventions that protect and build on existing foundations, including our commitment to children's rights. This is evidenced, for example, by our continued investment in the work of Public Health Wales; our

ongoing investment in key prevention services such as immunisation programmes for children; and broader health promotion activity for children and young people as outlined in section 7 below. However, we have had to reduce budgets which will impact on children, as explained in the examples below.

#### Early years, childcare, and play, including the Childcare Offer and Workforce

The Childcare Offer for Wales is demand led and there is £2.5m allocated as an Additional Support Grant. Reductions in the budget for 2024-25 have been made modelled on take up in 2023-24. Given the demand-led nature of the programme, additional budget will be allocated if necessary.

#### 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 have engaged in the programme as pathfinders testing the core components for an early years system and piloting different multi-agency delivery models and approaches, building on what works well in existing programmes such as Flying Start and Families First.

This funding will now cease in March 2024, resulting in the programme ending 1 year earlier than anticipated.

As a pilot programme, it was always envisaged that the programme would be time-limited with conclusion planned for the end of 2024-25. Whilst ending the programme earlier than anticipated, we will work closely with PSBs to identify the most appropriate non-financial support to enable them to embed the learning as part of their business-as-usual model.

### Bwndel Babi Programme

The Programme intended to offer support to approximately 26,000 new and expectant parents. With reduced budget, the Programme will need to be targeted on a smaller geographical basis such as Flying Start and/or Bwndel contents removed to reduce costs. If delivered within Flying Start areas, approximately 8,000 new and expectant parents could be supported.

The reduction in budget will mean that some families, at risk of or experiencing poverty living outside of the targeted area, will not benefit from the support offered through the Programme.

### **3. Programme for Government**

#### **Request 3**

Allocations in the Draft Budget 2024-25 and the latest position on funding for:

**3.1 - PfG Commitment:** Advocacy services for parents whose children are at risk of coming into care.

Allocations for the roll out of support for parents whose children are on the edge of care, which is to be delivered in accordance with a national framework.

#### **Response**

Funding of £506,000 has been allocated from the Looked After Children Change Fund in 2024-25 for the roll out of independent, professional advocacy support for parents whose children are on the edge of care, with the aim of reducing the numbers of children entering the care system in Wales. The total funding allocated to this commitment across the four years 2022/23-2025/26 is £1,606,400.

**3.2 - PfG Commitment:** Fund regional residential services for children with complex needs.

Allocations for 2024-25 for the Regional Partnership Boards for the 8 projects which are now operational (and how many additional placements this funds).

Allocations for delivery of any new projects (and how many additional new placements this funds).

#### **Response**

Since the publication of the Programme for Government annual report in July this year an additional 7 regional projects have become operational. The total number of projects now operational is 15 providing 26 beds for children with complex needs. The projects are funded through different funding streams including the Regional Integration Fund as well as core funding. Information on the total funding allocations for the projects is not therefore held centrally.

### 3.3 - PfG Commitment: Eliminating private profit from the care of children looked after.

An annual breakdown of how the commitment to spend £68m is broken down by total over the three years 2022-23, 2023-24, 2024-25.

- **Final outturns for 2022-23** / breakdown of who that was allocated to and for what purpose (by local authority and third sector).
- **Forecast outturns for 2023-24** / breakdown of who that was allocated to and for what purpose (by local authority and third sector).
- **Detailed planned allocations for 2024-25** (or the process by which that will be decided).

#### Response

##### Annual Breakdown of £68m

2022/23	£13m
<u>2023/24</u>	£26m
<u>2024/25</u>	£29m

In 2022-23 local authorities were asked to submit 3-year bids for funding (2022/23-2024/25) to support them to deliver the commitment to eliminate profit and help them reduce the number of children in care and support children who are looked after and their families.

These bids were assessed by officials and used to determine the allocation of the £68m over the three years to local authorities in Wales. The bids were clearly focused on building in-house or not-for-profit residential and foster care provision, on moving children out of residential care back into a family setting, on providing locally based and designed services, including specialist provision for children with more complex needs and above all improving outcomes for children. Some examples of the types of proposals received are:

- Better support for foster carers, including the development of specialist support services.
- Enhancing the range of foster care options for children.
- Increased recruitment and assessment of local authority foster carers.
- Step Down foster placements.
- Building in-house residential care provision and resilience, including upskilling of local authority staff and practitioners.
- Developing in-house short breaks respite services.
- Converting Placements with Parents to Special Guardianship Orders.
- Development/Expansion of Crisis Support Teams.
- Discharge of Care Orders.

In 2022-23 the allocated funding was fully spent on these activities to support the Welsh Government's commitment to eliminate profit. It is forecast that funding will once again be fully utilised in 2023-24.

**3.4 - PfG Commitment:** Specialist support for children with complex needs who may be on the edge of care.

Details of the 32 projects so far identified by Regional Partnership Boards cover the whole of Wales and how these are funded by the Health and Social Care Regional Integration Fund as detailed in the most recent PfG Annual Report.

### **Response**

For our Regional Partnership Boards, the first year (2022-23) of the Regional Integration Fund (RIF) was one of transition, as we amalgamate previously separate funding streams to create greater alignment of resources, so that we maximise impact and reduce administrative burden. As a result, many of the original 32 projects have now been amalgamated into the 20 programmes of work listed. Whilst this may appear to be a reduction in projects, the overall investment level in year 2 (2023-24) has remained close to that of year 1 of the RIF.

The RIF funding goes to each of the 7 Local Health Boards who act as the ‘bankers’ for the RPBs: partners draw this funding down as and when necessary, with quarterly finance returns and meetings in place to discuss in year progress against plan. It is therefore not possible to project the exact allocation regions will put towards the relevant model of care in year 3 (2024-25) however we would not expect any major changes at this point.

Under the Model of care ‘Supporting families to stay together safely, and therapeutic support for care experienced children’, the total projected 2023-4 allocation by year end is £18,243,533, which we anticipate will be broadly similar for 2024-25. The allocation is divided as follows:

Cardiff & The Vale £2,084,429

- Right support, right time, right person
- CYP with complex needs – community

Cwm Taf Morgannwg £802,796

- Choice Project.
- MAPSS Therapeutic Support service.
- Systemic Change Model.

Gwent £1,474,163

- Children's Emotional Health & Development.
- Children’s Early Intervention & Resilience.

North Wales £9,867,139

- Early intervention.
- Repatriation & prevention services.
- Building Family resilience to prevent escalation.
- Intensive residential support for children with complex needs.
- Specialist support for children with complex / specialist needs.
- Intensive support teams for children with complex needs.

Powys £610,000

- Edge of care.

West Glamorgan £1,894,177

- New Therapeutic Service.
- Working Together Regional.
- Post adoption – Regional.

West Wales £1,510,829

- Step up / Step down.
- Edge of Care.
- Complex Needs.

**3.5 - PfG Commitment:** Fund childcare for more families where parents are in education and training or on the edge of work.

Overall allocations for the Childcare Offer in 2024-25.

The cost in 2023-24 of the additional 438 families and the total costs allocated in 2024-25 for the estimated 3,000 more eligible families as referred to in the most recent PfG Annual Report.

**Response**

In 2024-25 over £76m is being allocated to the Childcare Offer for Wales programme. This includes the Childcare Offer Main grant, LA Administration Grant, the Childcare Offer Additional Support Grant, and digital and internal programme costs. This represents a reduction of approximately £11m from the 2023-24 budget.

By the end of the academic year 22/23, 675 additional families were supported because of the expansion of the Offer to include eligible parents in education/training. Parents in education and training are being funded within the Childcare Offer main grant. Due to the way the data and monitoring information is



being developed under the National Digital System; it is not currently possible to disaggregate these costs from the total Childcare Offer grant.

With current take-up rates reflecting around 55% of eligible parents, the allocated budget allows for the Welsh Government to meet all existing obligations and continue to promote take-up, encouraging more eligible parents to use the support available to them.

**3.6 - PfG Commitment:** Phased expansion of early years provision to include all 2-year-olds, with a particular emphasis on strengthening Welsh medium provision.

Allocations and what they are intended to deliver in 2024-25.

Information on whether it will be a full 30 hour offer for all 2-year-olds, and by when this will be delivered.

### **Response**

Childcare is a key priority for the Welsh Government, and our ambition is to offer childcare and early years provision to all two-year olds in Wales.

The Programme for Government commits to deliver a phased expansion of early years provision to include all 2-year-olds, with a particular emphasis on strengthening Welsh medium provision. This is being delivered through the Flying Start programme which offers of 12.5 hours of government-funded, high-quality childcare per week for 39 weeks of the year, our ambition is for this to be offered universally to all 2-year-olds. Further information on the 2024-25 allocation for Flying Start is provided in response to 3.7 below.

The Childcare Offer for Wales provides 30 hours of government-funded early education and childcare for up to 48 weeks of the year for eligible parents in education/training and working parents of 3- and 4-year-olds in Wales. Flying Start and the Childcare Offer are separate but interlinked programmes.

With regards to Flying Start childcare, as part of our Cooperation Agreement with Plaid Cymru, we have committed to the expansion of early years provision for all 2-year-olds across Wales.

The current phase of the expansion programme began in April 2023 and is focussing specifically on expansion of Flying Start childcare to more 2-year-olds.

Focusing resources on our most disadvantaged communities, in the first instance, ensures that support reaches families in greatest need at the earliest opportunity.

### **3.7 - PfG Commitment: Flying Start**

Revenue and capital

#### **Response**

##### Flying Start - Revenue

The Flying Start budget is part of the Children and Communities Grant (CCG). The Children and Communities Grant supports local authorities to consider how to deliver the services they provide more strategically. Flexibility within this grant can support and promote joint planning and commissioning to make more effective use of the funding in pursuit of the constituent programmes' aims and objectives.

The Children and Communities Grant addresses the needs of the most disadvantaged and/or vulnerable children, young people and adults in our society through a range of early intervention, prevention and support mechanisms.

The programmes within this grant aim to mitigate or remove disadvantage to disadvantaged and/or vulnerable people to enable them to have the same life chances as others and contribute to a more equal Wales.

The budget for the CCG in 2024-25 is £174.583m. Of this, £142,028m is Flexible Funding covering eight programmes, including core Flying Start.

In 2024-25 we will be investing £32.555m in Flying Start Expansion of which £24.3m is to support more than 5,200 additional children to access high quality Flying Start

childcare to support long-term, positive impacts on the lives of those children and families across Wales facing the greatest challenges.

### Childcare and Early Years Capital Programme

The Childcare and Early Years Capital Programme was implemented in October 2022 and is available until March 2025 with a total budget allocation of £70m.

The programme supports both Flying Start and the Childcare Offer and aims to improve and grow new and existing childcare provisions.

The budget is split into two distinct funding streams: small grants funding and major capital funding. Budget allocations available for FY 2024-25 will be £10m for small grants funding with all CIW registered childcare and play providers eligible to apply via their local authority's administration process. The small grants element is used to support projects and items up to the value of £20,000 and the ceiling amount per project is based on the number of CIW childcare places within the setting.

A budget allocation of £15m for 2024-25 will be available for major capital projects for proposals of up to £20,000 and ranges from small refurbishment works through to the introduction of extensions and standalone buildings for childcare provisions. The funding is accessible to CIW registered providers, and local authorities are required to submit a business justification case to apply for capital funding via the CC&EY capital team.

## 4. Sustainable Social Services Grant Scheme

### Request 4

The total amount for the Scheme and a breakdown of all grants relevant to children and young people.

### Response

The total value of funding through the Sustainable Social Services Grant Scheme in 2024-25 is £9,299,209, of which £2,912,428 relates to grants relevant to children and young people.

The breakdown of these grants is as follows:

Action for Children	Skills <b>PLUS</b> (Skills+): Skills+ is a service for Care-Experienced Young People (CEYP) aged 14-24. The project will deliver bespoke <b>Pathways</b> that support CEYP's transition to adulthood, through a range of interlinked interventions designed specifically to reduce their vulnerabilities and equip them with the resilience, skills/tools to help them to cope positively with the challenges of independent living.	<b>£599,747</b>
Cyfannol Women's Aid	Ar Trac: Ar Trac will support children and young people who have experienced or witnesses domestic abuse, and who are exhibiting difficulties with their family and peer relationships. By addressing these difficulties and building upon strengths within childhood, Ar Trac aims to minimise the impact of the adverse childhood experiences associated with domestic abuse and	<b>£619,762</b>

	<p>improve physical and mental well-being later in life.</p> <p>The project is delivered by locally based domestic abuse agencies who have a wealth of experience and understanding of their local communities, and will be able to shape the project locally to better meet the needs of children and young people.</p>	
<p>Ethnic Youth Support Team Wales</p>	<p>Supporting BME Children &amp; Young People in Wales: The service aims to improve the wellbeing outcomes of BME Children and Young People with social care needs, through a race-, faith- and culture-sensitive, person-centred and rights-based support service, building on and connecting to EYST's work with BME Children and Young People in Swansea.</p> <p>The services is a referral-based service for BME Children and Young People aged 0-25 with 'additional' or 'multiple' support needs, working directly with them through early intervention and prevention to achieve specific wellbeing outcomes: securing rights and entitlements, improving physical and mental health, supporting transition to independent adulthood, and protecting from abuse and neglect.</p>	<p><b>£138,552</b></p>
<p>Lucy Faithfull Foundation</p>	<p>Keeping Children Safe from Sexual Abuse - public education, training and resources to improve the ability of parents, carers, and those who work with children and families to prevent sexual harm and take appropriate action if they have a concern</p>	<p><b>£97,152</b></p>

Lucy Faithfull Foundation	Early intervention for vulnerable or at-risk families: a child sexual abuse and exploitation early action and prevention project: Keeping children safe from sexual abuse – public education, training and resources to improve the ability of parents, carers, and those who work with children and families to prevent sexual harm and take appropriate action if they have a concern	<b>£94,612</b>
National Youth Advocacy Service	Parent Advocacy Programme: To support Welsh Government's plans for providing family intervention support with the aim of reducing numbers of children entering the care system in Wales. The project's key aim is preventative intervention whilst ensuring the rights of the child are fully upheld.	<b>£297,399</b>
National Youth Advocacy Service	Project Unity: To break the cycle of children of care-experienced mothers being taken into care and the prevention of children becoming subject to child protection processes. By providing intensive wraparound support and building peer support networks.	<b>£343,707</b>
Platform (formally - Gofal )	Young People's Project 13-16yrs: Platform's Young People's Project, in collaboration with Vibe Youth and Barod, will provide a safe space for young people aged 13-16 years to pause, breathe and connect. Through the provision of a twelve-week wellbeing programme, peer support and one-to-one support, young people will be given the opportunity to explore what mental health and wellbeing means to them. Young people will have the opportunity to meet others facing similar challenges, share stories of recovery and	<b>£362,397</b>

	<p>everyday strategies for wellbeing. The project will provide the opportunity for young people to train to become peer mentors and will give young people a platform to shape the direction of the project.</p>	
<p>The Fostering Network</p>	<p>Fostering Communities: <b>Fostering Communities</b> is a whole systems approach to supporting looked after children and their foster families, throughout Wales. At its heart is a ground-breaking, co-production model, facilitating a shared power approach to programme design, delivery and evaluation. The project will empower the fostering community to improve wellbeing outcomes for looked after children and young people within the national wellbeing framework</p>	<p><b>£279,429</b></p>
<p>Whizz-Kidz</p>	<p>Moving On: To increase life satisfaction and happiness of young wheelchair users in Wales through sports and movement based skills programmes in health and education settings.</p>	<p><b>£79,671</b></p>

## **5. Care Experienced Children Change Fund**

### **Request 5**

The total amount for the Fund and a breakdown of all allocations.

### **Response**

<b>Project</b>	<b>Allocation for 2024/25 - £3,820,853</b>
National Adoption Service	£669,492
Foster Wales	£2,074,999
Step Up Step Down	£301,300
Fostering Wellbeing	£269,062
Parental Advocacy	£506,000
<b>Total</b>	<b>£3,820,853</b>



## **6. Children's Social Care Workforce**

### **Request 6**

Any allocations associated with supporting local authorities to address the instability of the workforce in children's social care, such as vacancy rates and the use of agency staff, identified both in our [Report on Radical Reform for Care Experienced Children](#) and the recent [Care Inspectorate Wales rapid review of child protection arrangements](#) September 2023

### **Response**

As a government we are focusing on creating a firm foundation on which we can build our social care workforce.

Our significant funding through Social Care Wales aims to lead and support improvement in social care through recruitment and retention of a quality and professional workforce. Areas of work with allocated funding that relate to children's social care include:

£10 million over three years investment in the social worker bursary to make the social work degree financially attainable and an attractive career. The social worker bursary has seen an increase in take up in 2023-24 compared to 2022-23. We are confident that the increased offer of support has helped draw more students into taking up social work as a career, and that this will continue in 2024-25.

The Social Care Wales Workforce Development Programme (SCWWDP). This allocation of grant is available to support local authorities and offers opportunities to fund excellent programmes such as the 'grow your own scheme' which supports paid employment and funded social work training. Take up for this scheme has increased each year and SCW is also estimating an increase in "grow your own" students for the 2023-24 academic year.

Social Care Wales funding is being provided to the WLGA to carry out a piece of work focusing on terms and conditions for social workers including national

approaches. This is to support and attract individuals into the profession and to reduce the movement of qualified staff between local authorities due to variations in terms and conditions.

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. The allocation to local authorities for 2024-25 is £34.4 million.

These positive programmes of work come with the realism that it will take time to feel the impact within the workforce, but this is promising for the future of children's social care.

## **7. Children's Health**

### **Request 7**

Allocations in the Draft Budget 2024-25 and the latest position on funding for:

- Public health as it relates to children and young people, including vaccination.
- Obesity strategy.
- Mental health services, including child and adolescent mental health services, and services to support perinatal mental health and parent-infant relationships.
- Eating disorder services.
- Suicide prevention as it relates to children and young people.
- Substance misuse, including vaping among children and young people.
- Neurodevelopmental services.

### **Response**

#### **Neurodivergence services (Autism services)**

Through our Neurodivergence Improvement Programme we continue to prioritise improvements in neurodivergence services, including children's neurodevelopmental services. I announced an additional £12m funding over three years up to March 2025, £6M is available in 2024-25. Through the improvement programme we have provided clear guidance to Regional Partnership Boards on the required transformational change.

Whilst the improvement programme monies are bringing additional capacity to health led diagnostic services, RPBs have been encouraged to invest in new and innovative pilot projects to provide families with information, advice and early intervention prior to referral for diagnosis. A range of projects are being piloted in different areas across Wales. The following are examples of current pilots:

- Cardiff & The Vale are piloting the role of Community Connectors to signpost and connect families of young children to local support services prior to or whilst waiting for a diagnostic assessment.

- Neath & Port Talbot council sought to employ an assistant Education Psychologist to deliver parent/carer community drop-in sessions one day a week within all communities across NPT.
- Betsi Cadwaladr University Health Board are piloting innovation with prescribing models of ADHD medication for children given the current rise in demand to avoid long waits. The aim is to shorten the diagnostic process and complete assessment and consideration of medication in the same day. In BCUHB they are also developing a pathway for parent/carers and professionals to access advice, consultation, and support prior to referring for an assessment or at the point of referral.

We look forward to the progression of this innovation in order to learn and adopt any emerging best practice on a wider scale.

The focus of 2024-25 will be to learn from these local early pilots and scale up successful projects to a national model of service delivery. We have established a Childrens Neurodevelopmental Community of Practice and Steering Group through which we can share best practice. We have already been able to showcase the work of Hwyl Dda and their referral pathway for Tourette's Syndrome. We were also pleased that Aneurin Bevan and Carers Voices Wales presented their NHS Wales award winning work on co-production and re-designing their neurodevelopmental pathway. Case studies of this work will be available and shared across services for further learning.

All regions are tackling waiting lists and creating opportunities for early intervention by reviewing referral pathways. This work is supported by the NHS Executive Performance & Assurance Team who have completed a significant piece of work to understand the barriers and challenges to reducing waiting times. The implementation of their recommendations in the New Year will drive forward service improvement in 2024-25. Regions will be able to re-shape existing services or develop new services based on these recommendations.

We will separately continue to support and develop the successful Integrated Autism Service and the National Neurodivergence Team which is supporting delivery of our improvement aims. The National Neurodivergence Team have established a Family Support ND Development Officer post specifically to develop additional resources for families of neurodivergent children.

Alongside all of this we will be working with RPBs to implement the findings of the review of the implementation of the Autism Code of Practice to further strengthen service delivery and ensure compliance with duties. A final and second phase of the evaluation to ensure improved compliance at a regional level will commence in the summer of 2024.

### Mental Health

We will continue to ringfence mental health funding for NHS and the draft budget includes £800m for this. This budget is supporting services across the age range, including child and adolescent mental health services.

We are also investing £2.2m annually in the NHS Executive to develop a Strategic Programme for Mental Health and a Patient Safety Programme. This will provide dedicated resource to NHS Wales to drive improvements in performance, quality and safety and will include a focus on children and young people through a Clinical Network. This work will continue to support health boards to meet waiting time standards on a sustainable basis and to reduce variation through a CAMHS services specification.

We will be publishing our draft mental health strategy early in the new year, the timing of which is enabling us to have greater clarity on our 2024-25 budgets and provides us with an opportunity to reflect on new commitments, cross-Government and multi-sectoral commitments that underpin our strategies to ensure they remain deliverable in the challenging financial circumstances.

We have developed the strategy with the understanding that there will need to be a way of setting priorities, ensuring best use of existing resources and an opportunity to be clear about what can realistically be delivered. This has included consideration

of improving access to mental health services and includes a focus on supporting perinatal mental health and parent-infant relationships. The published strategy will be accompanied by a costed delivery plan which over the life of the strategy will be renewed and refreshed. This will provide the opportunity to provide further detail on the required work to support the strategy and to identify new investments should the economic position change.

In this period of financial constraint, we have worked hard to support continued investment in mental health, and we continue to prioritise mental health as an area that requires this investment and as such no reduction has been made to health board allocations.

### Substance Misuse

As part of the Draft Budget for 2024-25, we will continue to invest in our substance misuse agenda totalling £69million, of which over £41million goes to our Area Planning Boards (APBs) through our Substance Misuse Action Fund.

Through the APB Substance Misuse Action Fund the Welsh Government invests £5.25million ring-fenced money for children and young people. Recognising the rise in demand for support, **in 2024-25 this budget will rise by a further £1million to £6.25million.**

The Welsh Government will soon publish a Substance Misuse Treatment Framework (SMTF) for Children and Young People (expected early 2024). The SMTF summarises evidence and best practice to guide those supporting Children and Young People with substance misuse issues. We will also publish child friendly versions of the SMTF.

### Out of Work Service

Building on the success and lessons from the European funded Out of Work Service 2016-2022, the Welsh Government are funding a successor Out of Work Service to help people recovering from substance misuse and/or mental ill-health. The primary objective of the service is to support participants towards and into employment

(participants aged 25 or older) or into education, training or employment (NEET participants aged 16-24). The new service commenced in October 2022 and over 900 young people aged 16-24 have enrolled and been supported by the service at September 2023.

The budget for the delivery of the service to March 2025 will be over £13million (£2.64million in 2022-23 and £5.4million in both 2023-24 and 2024-25) and aims to support up to 10,000 people including 3,000 young people across Wales.

The Out of Work Service will deliver against a number of Welsh Government strategic commitments in respect to supporting people with substance misuse and/or mental health conditions, not only through structured treatment and healthcare, but also through a range of other measures. This is set out in a range of Welsh Government key strategies including Stronger, Fairer, Greener Wales – a Plan for Employability and Skills and to Delivering the Young Person’s Guarantee.

### Vaping

In July 2022, we published our new Tobacco strategy *A smoke-free Wales* where we set out our ambition for Wales to become smoke-free by 2030. It set out three themes through which we will drive our actions, one of these is Future Generations. *Towards a Smoke-free Wales 2022-2024* is the first two-year delivery plan which sets out our actions which will work towards and contribute to achieving this vision. Our plans will support everyone in Wales to live in a society where smoke-free is the norm.

In taking forward our tobacco control strategy, *A Smoke-free Wales*, 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. Whilst there is evidence that vaping is less harmful than smoking tobacco and can be used as a smoking cessation tool, our message is clear. If you don’t vape, don’t start.

The UK Government announced their new policy priorities on tobacco and vaping devices in April 2023. This included the launch of a call for evidence on youth vaping to identify opportunities to reduce the number of children accessing and using vape products – and explore where government can go further. On 4 October 2023, the Prime Minister made an announcement to address the harms caused by smoking and to curb the rise in youth vaping. The policy proposals they announced covered a change to law to increase the age of sale so that children turning 14 or younger this year will never be able to be legally sold cigarettes. Also, to curb the rise in youth vaping by consulting on measures to reduce the appeal and availability of vapes to children.

The Tobacco and Vapes Bill was formally announced in the King's Speech during the state opening of Parliament on 7th November 2023. The consultation on 'Creating a smokefree generation and tackling youth vaping' closed on December 7th with over 25,000 responses, officials are working closely with UK Government to analyse the responses. We expect the response to the consultation to be published by 18th January 2024.

### Flying Start

All children and families eligible for Flying Start should receive their programme of health visiting and other health services delivered by the programme from the Flying Start health team.

The Flying Start health programme sets down an enhanced programme of interventions which should be delivered to all Flying Start families. A family receiving Flying Start health services can expect as many as 7 additional 'contacts' from their health visitor. The promotion of key public health messages and of healthy lifestyles is a key part of the additional Flying Start health support offered by health visitors and the wider workforce.

### Public Health

There are a range of health improvement strategies that support the health and wellbeing of children and young people in Wales, including our Healthy Weight Healthy Wales (HWHW) and Tobacco Control Strategies. Both take specific actions



in relation to children and young people, including support Children and Family pilots through HWHW, supporting the School Health Research Network and taking action to reduce smoking during pregnancy and take action to reduce the numbers of young people vaping and smoking.

Public Health Wales's (PHW) core purpose is to support improved health and wellbeing, reduce health inequalities and increase healthy life expectancy for everyone in Wales, now and for future generations. This includes work in supporting young people, whether that be through supporting vaccination and child measurement programmes, or the Network of Health Promoting Schools. This is part of their core budget allocation for 2024-25.

### Vaccination

All children and young people in Wales receive vaccinations as part of the routine schedule. Funding for this programme sits within health boards core allocations and the implementation of the schedule is the responsibility of health boards.

### School Health Research Network

We continue to invest in the School Health Research network (SHRN). In 2021/22, 202 (95%) schools participated in the secondary Student Health and Wellbeing Survey, an increase from 198 in 2019/20. In total, 123,204 students in years 7 to 11 completed (a 75% response rate), which is the largest response to the survey to date.

In 2022-23, SHRN piloted expansion to primary schools with the first Student Health and Wellbeing Survey being undertaken with years 3-6, building on a 2021 pilot with year 6 only. In total, 354 (29%) schools took part, with 32,606 (23%) of students completing.

Indicative funding for next year of approximately £400k from the Health Improvement Budget has been allocated to support the continued development of SHRN to give us population level data to inform our public health approaches to improving the health and wellbeing of children and young people.

## Obesity Strategy

Our *Healthy Weight, Healthy Wales* Strategy is our long-term strategy to tackle obesity and overweight. We are currently developing the delivery plan that will span 2024-2026. The plan will be supported by a total of £6.9m in 2024-25. Specifically, we are investing £2.9m into continued delivery of the All-Wales weight management pathway. We have also allocated £600k to Public Health Wales to continue to support Children and Families Pilots for a further year, 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, the Prevention and Early Years Fund totals £6.85m for the 2024-25 financial year and is invested by Local Health Boards and Public Health Wales to specifically support interventions in the obesity and tobacco policy areas in line with our HWHW and Tobacco strategies.

## **8. Cost of living**

### **Request 8**

- **Health Boards:** 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.
- **Social Services:** 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.
- **Child poverty:** 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.

### **Response**

#### **Health Boards**

As with other public sector organisations, pressures on energy costs have been a significant challenge for the NHS in 2023-24. The additional funding issued this year to the NHS will cover the pressure of energy costs over and above planned levels. For 2024-25, this additional funding will be baselined and added into the main NHS allocation.

#### **Social Services**

The bulk of Welsh Government financial support for social and children's services is delivered through the un-hypothecated local government revenue settlement, although there are also significant specific grant funding streams. The Local Government settlement for 2023-24 saw an increase of 7.9%, following an increase of 9.4% the previous financial year. The level of support for 2024-25 is £5.688bn, an increase of 3.1%. Local Authorities will have experienced significant inflationary and demand increases across the breadth of their functions in 2023-24, a significant proportion of which will be baselined since they relate to staff costs whether in-house or through commissioned services. The Welsh Local Government Association, on

behalf of local government, collectively provides its assessment of the pressures, priorities and opportunities for local authorities each year for discussion at the Finance Sub-Group [[Finance Sub-group meeting: 25 October 2023 | GOV.WALES](#)]. Local Authorities will also be considering the level of council tax each wishes to set for the next financial year.

Local Authorities will set their own budgets for each service prior to 10 March 2024. Details on local authority expenditure by service is published annually [Local authority revenue and capital outturn expenditure: April 2022 to March 2023 | GOV.WALES](#). The trend over recent years has been for social services and education to be allocated an increasing proportion of the total revenue expenditure by local authorities, with social services having seen the biggest increase in expenditure in 2022-2023. Outturn figures are not available for 2023-2024 until summer 2024 but budgeted increases for social services for 2023-2024 were for an increase of over 11% for social services expenditure (i.e. to £2.653bn).

### Child Poverty

Discussions have regularly taken place with the Minister for Social Justice in terms of collective impact of decision making on child poverty. Cabinet meetings with a focus on child poverty, including the need to consider the potential for cumulative impacts on programme and budgetary decisions took place in January, April and November.

In May 2023 Bilateral Ministerial discussions took place reinforcing the Cabinet commitment for tackling child poverty and inequality across government as a central driver for budgets and policy development.

The Ministers for Social Justice and the Minister for Education and Welsh Language are responsible for the budgets of our statutory commissioners.

## **9 . Costs of legislation**

### **Request 9**

- Financial implications or anticipated in 2022-23 and 2023-34 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.

### **Response**

No subordinate legislation involving relevant costs has been identified.

## **Welsh Government’s evidence to inform the scrutiny of the Draft Budget 2024-25 by Health & Social Care Committee**

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## **Prioritisation**

### **Question 1**

Details of the approach taken by Welsh Government to prioritise areas of spending – across the whole budget and within health and social care, and to ‘target resources towards those at greatest need’ (in light of the ‘significant budgetary pressures’ announced by the Welsh Government in August 2023).

### **Response:**

Since setting the spending plans in the Draft Budget for 2023-24, we have experienced record prolonged levels of high inflation along with continued challenges in the fiscal context, particularly in areas such as public sector pay. In addition, the cost-of-living crisis has increased the pressure on all public services.

As a result, overall, we are having to spend more than previously planned in 2023-24, placing unprecedented pressure on the devolved Welsh Budget. The First Minister published a written statement on 9 August 2023, where he indicated that work would take place over the summer months to address the impact of our budget being worth around £900m less than when it was set in 2021.

In order to deal with the pressures facing public services in Wales this year, particularly the NHS and rail services, Ministers took decisions to reprioritise funding to these spending areas. We have taken prudent action by revisiting spending plans for 2023-24, to enable us to balance our duty of robust fiscal management and this government’s commitment to continue to protect core public services and target support to those with the greatest need.

We made these difficult choices as early as we could in 2023-24 in order to prevent even more difficult decisions in the 2024-25 Draft Budget.

For the Health & Social Services MEG, this meant an additional revenue allocation of £425m as well as a significant reallocation of funding within the MEG in order to support the NHS. The NHS were also issued with target controls totals for their forecast deficit and tasked with taking actions to reduce their forecast spend by 10%, circa £64m.

The financial challenge for the NHS, common to all areas of the UK, relates to a number of significant factors:

- the challenge in managing higher costs post-pandemic, where new services now exist, and levels of staffing and capacity have increased.
- inflationary pressures across all areas, which are outside of health board control – for example, pay and non-pay inflation, including the costs of medicines and increasing costs of packages of care.
- increasing demand on services.

For the Draft Budget for 2024-25, the 2023-24 in-year budget position was made recurrent, increasing the indicative revenue position by £207m and effectively rebasing the Health and Social Services (HSS) MEG budget. Through the budget process a further £450m was allocated to the MEG, recognising that significant inflation and demand pressures will continue to be faced by the NHS in 2024-25. Even with this significant allocation of additional funding to support inflation and demand pressures, along with the actions to reduce forecast costs, this will still mean savings delivery in line with 2023-24 levels will be required. Further difficult choices will therefore be required in-year and next year for both the Health and Social Services MEG and the NHS to manage within the budgets set out.

The local government Revenue Support Grant (RSG) provides core funding for local authorities through the local government settlement.

Local authorities deliver a wide range of public services, often to the most vulnerable in our society or those who are economically disadvantaged. These include significant services for children, through education and social services, and a wide range of services for adults who may be facing challenges in their everyday lives, through social services, housing support and other community services. Sixty-six per cent of local authority resources are directed to education and social services.

Recognising the need to protect these important services provided by local authorities, the level of funding through the RSG was not impacted and remained as



set out in the original spending plans in 2023-24.

Further information on the decisions taken in 2023-24 can be found in the [Strategic Integrated Impact Assessment document](#).

In reshaping the budget in the HSS MEG for 2024-25, we have reprioritised budget from across the MEG to support frontline services in the NHS (in BEL 20). We will issue the NHS with a revised allocation incorporating the changes for 2023-24 and allocating a new uplift for 2024-25 in recognition of the inescapable pressures from inflation and demand.

We are able to maintain the £170m funding we allocated to support the recovery of planned care, and this will be recurrent for 2024-25 and fully ringfenced within the main NHS allocation.

As part of the rebasing of our budget we were not able to maintain the proposed increases in budget for 2024-25 for Mental Health, Social Care and Children and Early Years. Further information is provided later in this response on these decisions.

We have reviewed the ongoing investment in Covid response areas and have been able to reduce that funding in line with current expenditure forecasts and re-direct that funding towards frontline NHS costs. We also plan to baseline this allocation into the main NHS allocation on a recurrent basis, giving NHS organisations the assurance to effectively plan for the needs of their population in areas such as vaccination.

We have carefully reviewed the funding to support the NHS Education and Training commissioning plan for 2024-25 and will be maintaining the funding level at the level set in 2023-24. This will sustain the largest ever investment in workforce training for the NHS. We will also continue to maintain our commitment to establish a new medical school in North Wales as well the commitments under the co-operation agreement with Plaid Cymru for the Sanctuary model in mental health, the expansion of early years provision for all 2-year-olds across Wales and eliminating private profit from the looked after children care sector.

Also included in our budget for 2024-25 is a £20m increase in non-cash funding, covering such items as depreciation costs.

The HSS capital budget for 2024-25 remains at £399m as per the indicative position published last year. This includes an increase in funding for the Social Care Capital Fund for 2024-25.

The increase in the Annually Managed Expenditure (AME) budget relates to the latest assessment of budget cover needed for such things as expected movements in impairments and provisions, mainly in the NHS.

It is worth noting that the Draft budget table for 2024-25 contains a relatively high number of budget movements within the MEG. These are not part of the budget reprioritisation exercise and simply reflect the process of maintaining our budgets and making sure funding is in the correct place.

### **Waiting times**

#### **Question 2**

Allocations to recover the waiting times backlog and provide treatments delayed by the pandemic.

#### **Response:**

We continue to support the annual additional investment of £170m to NHS Wales to support the national commitment to reduce delays in treatment.

Since the Planned Care Recovery Plan was issued in April 2022, and the additional investment has been provided, we have seen consecutive monthly reductions in the number of open pathways waiting over 104 weeks.

- The total number of open pathways waiting over 104 weeks was 26,439 at the end of September, down 18 months in a row and the lowest since August 2021. This was 62.5% lower than the high of March 2022.

- At the end of September 2023, there were 17 specialities with open pathways over 104 weeks; an additional 13 specialities have been cleared of long waits since September 2022.

In 2023-24, we held £50m of the annual allocation (£170m) to target a more regional approach to delivery, this has helped to ensure targeting of areas for more longer-term delivery models in regard to regional working.

- For South West Wales - the allocation was targeted at regional orthopaedics with developments at Neath Port Talbot which is open to regional high volume low acuity treatments. Investment has also been targeted at diagnostics in particular endoscopy plans. There is also regional working in ophthalmology across the two health boards for more efficient cataract surgery.
- For South East Wales - the allocation is targeted at regional ophthalmology, and diagnostics, in support of the future Llantrisant development.
- North Wales - targeting regional orthopaedics, and additional capacity to manage areas of fragility.

This allocation has been allocated on a recurrent ring-fenced basis within the NHS allocation, resulting in the full £170m being allocated to Health Boards on a recurrent ring-fenced basis.

## **Mental health**

### **Question 3**

A breakdown of allocations to improve mental health and wellbeing in Wales, including allocations to:

- support implementation of the Welsh Government's new mental health strategy;
- improve access to mental health services and outcomes for both adults and children and young people;
- implement the Committee's recommendations on tackling mental health

inequalities.

**Response:**

We will continue to ringfence mental health funding for the NHS and the draft budget includes £800m for this. This includes an uplift for inflationary and demand pressures for 2024-25 of £25m.

We are also investing £2.2m annually in the NHS Executive to develop a Strategic Programme for Mental Health and a Patient Safety Programme. This will provide dedicated resource to NHS Wales to drive improvements in performance, quality and safety.

We will be publishing our draft mental health strategy early in the new year, the timing of which will enable us to have greater clarity on our 2024-25 budgets. This short delay is providing us with an opportunity to reflect on new commitments, cross-Government and multi-sectoral commitments that underpin our strategies to ensure they remain deliverable in the challenging financial circumstances.

The draft strategy is based around a number of principles which include equity of access, experience and outcomes, and person-centred care and has been informed by the Committees recommendations.

We have developed the strategy with the understanding that there will need to be a way of setting priorities, ensuring best use of existing resources and an opportunity to be clear about what can realistically be delivered. This has included consideration of improving access to mental health services and the Committee's recommendations on tackling mental health inequalities. Our first annual update against the committee report will be submitted to the Committee in January.

The published strategy will be accompanied by a costed delivery plan, which over the life of the strategy will be renewed and refreshed. This will provide the opportunity to identify new investments should the economic position change.

In this period of financial constraint, we have worked hard to support continued investment in mental health, and we continue to prioritise mental health as an area that requires this investment.

## **Workforce**

### **Question 4**

Allocations to support implementation of the 10-year strategy for the health and social care workforce and the national workforce implementation plan, including specific reference to retention and improvement of staff wellbeing.

### **Response:**

Despite the difficult financial climate, we continue to invest in the sustainability of our NHS workforce. The Welsh Government has, and will continue, to invest in the workforce required to support our health system in Wales. £281.98 million was invested in 2023-24 and we will maintain this level for 2024-25. This will support education and training programmes for healthcare professionals in Wales.

This continues to be a record level of funding and will support the highest ever number of training opportunities in Wales. The Welsh Government is committed to providing the NHS the workforce it needs to meet ever increasing demand. We are achieving this through increase training places, encouraging young people to take up health professions and recruiting outside Wales when necessary.

Despite the difficult financial climate, we have continued to invest in the sustainability of our NHS workforce.

We provide core funding to Health Education and Improvement Wales (HEIW), our statutory workforce body, to deliver on key priorities such as improving staff retention and taking positive actions to improve staff wellbeing. For example, HEIW have this year delivered the Nurse Retention Plan and the first iteration of a new annual staff survey, the results of which will allow us to gain an overall assessment of the areas that require improvement and ultimately provide the necessary learning to improve staff health and wellbeing.

HEIW also utilise their core funding to continue to deliver on the Workforce Strategy for Health and Social Care and their assigned actions in the National Workforce Implementation Plan.

## **Primary care**

### **Question 5**

How the budget will support delivery of the Welsh Government's commitment to reform primary care, and the shift of more care out of hospitals into primary care/community settings.

### **Response:**

The majority of funding allocated to health boards to provide health services is not hypothecated. It is, therefore, neither practical nor meaningful to singly use core budgets as a way to measure the shift of care out of hospitals towards prevention and community-based care in line with the vision in [A Healthier Wales](#). Nevertheless, the funding and workforce resources associated with services shifting into the community are expected to follow the service.

In addition to the significant core funding which makes up the majority of health board budgets, the Welsh Government's 2024-25 health and social care draft budget includes the following funding for building community capacity and more preventative and integrated service delivery models, making effective use of available resources, skills and digital technology:

- £20m – for clusters to decide how to invest to meet local priorities;
- £146.7m – Regional Integration Fund to develop community capacity;
- £11.95m – anticipatory care plans for people most at risk of urgent care and increased weekend community nursing capacity;
- £5m – increased community based allied health professional capacity.
- Over £55m investment to date, in developing integrated health and care community hubs through the Integration and Rebalancing Capital Fund (IRCF).

The main mechanism the Welsh Government uses to guide health boards and their partners in the use of their funding allocations is the annual NHS Planning Framework, which sets national priorities.

Planning priorities for 2024-25 include the building of capacity and integration of community-based care to improve access to coordinated care from the most

suitable health and care professional close to home.

We have and will continue to work with NHS colleagues to reform the national contracts for the four primary care services to meet the majority of people's health and care needs as part of an integrated community health and social care system.

## **Service transformation**

### **Question 6**

How this budget will balance the need to meet immediate/short-term pressures (e.g. the waiting times backlog, workforce shortages) with longer-term service transformation.

### **Response:**

In developing the budget approach for the HSS MEG for 2024-25, careful consideration has been given to balancing the need to recognise unavoidable inflation and demand pressure, deliver improvements in short-term priorities and continue to support longer-term service transformation.

To illustrate, from a planned care perspective, there is a £15m planned care transformation budget to support local and national transformation projects.

£2 million of the budget is used to staff the Planned Care Programme and clinical leads, who are responsible for developing the transformation projects and driving their implementation within the NHS organisations, reflecting national policy and guidance.

The funding for 2024-25 has broadly been divided into four areas:

1. Outpatient transformation central support - designed to develop capacity within the outpatient teams to drive transformation, including support to embed new ways of working.
2. Outpatient transformation projects - supporting the implementation of innovative approaches and initiatives that contribute towards sustainable transformation, such as alternative to outpatient follow-up through 'see on symptom', patient-initiated follow-up and looking at straight-to-test pathways.

3. Eye Care recovery - supporting the implementation of both recovery activity and innovative approaches and initiatives specific for eye care, linking with primary care optometry in support of the new contract arrangements.
4. National programmes include the implementation of the prostate cancer supported self-management programme, teledermoscopy programme (dermatology), specialist advice and guidance, clinical leads and the orthopaedic network programme team.

New for 2023-24 was the introduction of the Healthcare Pathway alliance between primary and secondary care referrals, and more focused review of best practice through Getting it Right First Time (GIRFT) reviews in urology, gynaecology and ophthalmology. Orthopaedics has previously been carried out in 2022-23.

GIRFT is also supporting the national theatre optimisation programme, building on the work undertaken at Betsi Cadwaladr University Health board and Cwm Taf Morgannwg University Health board.

This transformation funding is in addition to the £170m ring-fenced funding for planned care, which is focussed on ensuring continued improvement in planned care performance and reducing long waits for treatment.

## **Prevention**

### **Question 7**

Whether the budget demonstrates a greater focus on prevention i.e. by showing a clear shift of resources towards prevention/early intervention. (The Welsh NHS Confederation, for example, says that without this shift the NHS is not sustainable)

### **Response:**

The Welsh Government continues to focus on embedding a shift towards prevention and early intervention, as outlined in *A Healthier Wales*.

It remains the case that prevention is fundamental to a wide range of activity across health and social care and NHS Wales, supporting people in Wales to live longer,



healthier lives.

As noted previously, the majority of funding allocated to health boards to provide health services is not hypothecated. It is, therefore, neither practical nor meaningful to singly use core budgets as a way to measure the shift to prevention and early intervention.

We are nevertheless able to highlight specific funding streams aimed at prevention, including funding through our [Healthy Weight Healthy Wales](#) strategy, our Prevention and Early Years funding as well as activity that is preventative by its nature, such as vaccination and screening. The responses to Question 5 above, illustrates the investment in primary care, which is also a demonstration of the shift to early intervention.

We have maintained the highly valued £146.7m Regional Integration Fund which is helping health, social care and the third sector to work together to develop integrated models of care that will help people to look after their own health and wellbeing, live well at home, prevent the need for conveyance or admission to hospital and help them return home quickly if they have needed secondary care.

The Planning Framework issued to Health Boards in December 2023 iterates the need for a renewed focus on prevention, and there are specific actions in the objectives of health board chairs looking at smoking in pregnancy and on increasing the capacity of weight management services across Wales. The planning framework also outlines our desire to see a greater shift of funding into primary and community care.

Public Health Wales (PHW) will receive funding of over £150m in 2024-25. By the nature of the majority of the work undertaken by PHW, this investment is focused on prevention, whether that be through screening programmes or our work to encourage healthy behaviour change in the population, through activity such as continuing to support people to be of a healthy weight or to stop smoking.

Delivery of the National Immunisation Framework is a key element of our prevention work to protect our population. Funding for vaccination under the national Covid response has been baselined as recurrent discretionary allocation to health boards. This will provide a more sustainable approach to delivering our spring and winter programmes alongside other significant vaccination developments during 2024.

We continue to invest in our *Healthy Weight Healthy Wales* strategy to tackle overweight and obesity, with £2.9m allocated to support health boards to continue to develop and roll out their weight management pathways, and £4.042m allocated to support other activities, such as our Children and Family pilots and systems work across all health board areas.

We will be publishing our draft mental health strategy early in the new year, the timing of which will enable us to have greater clarity on our 2024-25 budgets. The new strategy includes taking action to protect and promote people's mental wellbeing. This will help protect against mental health conditions and help people to cope better when they experience symptoms or have a diagnosis.

We launched our Programme for Government commitment to develop a National Framework for Social Prescribing (NFfSP) at an online event on 7 December 2023.

One of the principles of social prescribing is taking an early preventative approach to enhancing people's health and wellbeing, with evidence showing it could help ease the burden on more front-line, specialist services.

The NFfSP aims to develop a shared understanding of the language used and the approach taken to social prescribing in Wales; support social prescribing practitioners and drive-up skills; set out the outcomes expected from a user, organisation, commissioner, and referrer perspective; and ensure a quality of provision by community assets. It will also monitor and evaluate the development of social prescribing as it continues to grow across Wales.

## **Estates and infrastructure**

### **Question 8**

Capital and revenue allocations to develop, improve, and maintain NHS estates and infrastructure, including digital infrastructure.

### **Response:**

We are continuing to invest significant sums in the NHS estate across Wales. Whilst there are obvious challenges to the estate posed by an ageing building stock, NHS organisations are actively developing an assessment of prioritised funding requests to the Welsh Government.

Maintaining the existing estate continues to require significant investment with £83m made available to NHS organisations as discretionary capital to support the day to day running of the buildings. Further supporting the provision of a safe and compliant estate, £20m has been made available to support prioritised investment across the following:

- Main site infrastructure
- Fire
- Decarbonisation

The largest investments being supported in 2024-25 remain the refurbishment of Prince Charles Hospital in Merthyr Tydfil (a £220m scheme) which will see the transformation of the site going forward with works due to complete in 2026.

2024-25 will see the completion of the orthopaedic hub development at Llandudno Hospital. This will provide benefits for patients, staff and the wider North Wales community by delivering a planned 1,900 procedures a year. Work is scheduled to start in February 2024 with the expectation that the hub will be operating at full capacity in early 2025.

The development of the Radiotherapy Satellite Unit at Nevill Hall hospital is continuing at pace – the construction of which is due to be completed early 2025. This significant development will bring oncology services much closer to the residents of East Wales.

The presence of Reinforced Autoclaved Aerated Concrete (RAAC) is requiring continued investment across two main sites in NHS Wales – Witybush and Nevill Hall. These essentially unplanned works demonstrate some of the challenges of dealing with the ageing estate.

### Digital, technology and Innovation

The Digital Priorities Investment Fund (DPIF) is used to fund strategic digital transformation opportunities in NHS Wales, and it is intended to support the delivery of NHS Wales' service change priorities through accelerating the delivery of informatics improvements. In delivering this, work needs to align to one of five themes:

- Transforming digital services for patients and public
- Transforming digital services for professionals
- Investing in data and intelligent information
- Modernising devices and moving to cloud services
- Cyber-security and resilience

These themes are aligned with the headline missions set out in the [Digital and Data Strategy for Health and Social Care in Wales](#). The Strategy builds on the strategic direction set out in our 2015 strategy which has been a key enabler of *A Healthier Wales*.

As an example of work in 2023, Welsh Government, with key partners in NHS Wales, has:

- Launched the NHS Wales App, which has been rolled out to over 200 GP practices as of the end of November with planned complete rollout by the end of March 2024.
- Funded the Programme for Government commitment to introduce a joined up electronic prescribing service across Wales that cuts across health settings.

The launch of the Electronic Prescription Service, integrated between primary and secondary care, saving considerable time for prescribers in both primary and secondary care.

- Continued delivery of the NHS Wales Cyber Resilience Unit as part of Digital Health and Care Wales.
- Funded the All-Wales Infrastructure Programme (focused on the delivery of a single identity management solution across all NHS Wales organisations).
- Funded a £6m Capital investment in Cyber security devices and infrastructure across the NHS Wales estate.
- Launched the Welsh Nursing Care Record to all adults' in-patient wards across Wales, with paediatric wards expected to be rolled out in 2024-25.
- Continued delivery of the National Data Resource (NDR) which came into live service on 1 August 2023. It aims to make it easier to join up Health and Social Care data from various sources. This will improve the ability to share, link and use data. The first data pipelines are currently being built to support the shared medicines record by end of March 2024 and delivery on a range of infrastructure and data support items will continue into 2024-25.

The DPIF fund has been reprioritized to focus on essential delivery of transformative digital services. The DPIF budget for 2024-25 is £20m for Capital and £43m for Revenue. This funding will see continued investment in a range of digital infrastructure and data improvements. This includes the continued standardisation of the Welsh Patient Administration System, continued rollout of the award-winning Welsh Nursing Care Record service into paediatric settings, digital ICU in critical care settings, digitising the eyecare referral process, funding for the National Strategic Technology Enabled Care programme and looking at how care can be delivered closer to home.

DPIF will continue to develop the NHS Wales App, transitioning to a continuous development service post-rollout in March 2024, it will also progress the procurement and implementation of an all-Wales Digital Maternity system as well as funding to continue the implementation and adoption of the NDR.

In 2024-25 DPIF will continue funding a combined £16m capital and £1.7m revenue for the essential, at-pace replacement of the Radiology Information System, and Laboratory Information Management System, with a modern service.

DPIF will also continue to fund the Programme for Government commitment to introduce a joined up electronic prescribing service across Wales that cuts across health settings. £5 million capital and £17m revenue funding across Digital Medicines funding streams including the Electronic Prescription Service in primary care, ePMA in secondary care across all seven health boards plus Velindre, the introduction of the Shared Medicines Record, and additional supplementary work.

Additional funding has been allocated centrally for digital programmes and initiatives, which could be used to support *A Healthier Wales* and recovery programmes.

Strengthened national governance is now in place and will be used to ensure these diverse funding streams and DPIF are used to ensure alignment and coordination of investments to deliver and to optimize our return on investments.

As part of the reprioritisation of funding within the HSS MEG, we have reduced our contribution to the work on Digital Inclusion, through the Digital Communities Wales programme, in the Social Justice MEG. Since 2019 the Social Justice and Health MEGs have invested £9.5m in digital inclusion services through the Digital Communities Wales programme. Tackling digital inequalities remains a key commitment and have therefore protected the budget as far as possible. The ongoing investment will focus on maintaining the Digital Communities Wales programme whilst acknowledging that overall activity, outputs, and outcomes will be impacted by the budget reduction. The team will also seek to link up and work with other organisations focussing on digital inclusion and to continue to identify barriers to digital inclusion via stakeholder engagement work.

Separately, the revised £13m Innovation and Technology Programme (ITP) budget for 2024-25 will continue to support a national level profile for innovation across Wales. Our continued commitment to supporting transformational innovation in health and social care delivers continuous improvement in service delivery, financial

prudence, and economic efficiencies which in turn, delivers the strategic change required to improve population health outcomes.

Many of the projects and platforms the funding supports levers significant collaboration and part funding from academia, the public sector and industry. The ITP programme also supports many direct and indirect jobs across the sector, and we have looked to avoid the need for job losses across our funded programmes yet still delivering savings for 2024-25.

We have continued to support investment in the professional development of future senior leaders across health and social services, delivered by the Intensive Learning Academies (ILAs). To avoid significant financial pressures on these successful innovation projects and organisations, we have identified savings by prudent investment in the support of new projects and initiatives in the delivery of Wales Innovates and ensured smarter collaboration and the maximizing of co-production across the existing programmes.

## **Health inequalities**

### **Question 9**

Evidence of a cross-government approach to tackling inequalities and the wider determinants of health, and that 'population health' is a consideration across government department budgets.

### **Response:**

Tackling inequality in all its forms is a 'golden thread' that runs through our Programme for Government. Tackling inequalities in health in its broadest sense means looking not just at healthcare, but at the wider determinants of health, that often lie outside of the NHS. These are areas such as housing, employment, and education. In all of these areas, population health is a key consideration as to the impact and outcomes. This can be seen in the introduction of the Health and Wellbeing Area of Learning Experience as part of the new Curriculum for Wales, the continued investment in our programmes supporting employment and in the engagement with officials in the reform of homelessness legislation.

£10 million of funding will continue to deliver Out of Work peer mentoring support to people recovering from substance misuse and/or mental ill-health back towards education and employment and separately In-Work Support to people absent from work or at risk of becoming absent due to their physical or mental ill-health.

The implementation of the Health and Social Care (Quality and Engagement) (Wales) Act 2020 places a Duty of Quality on Welsh Ministers and NHS bodies to provide a focus on improving the quality of health services and equitable population health outcomes on an ongoing basis. The development of Quality Statements in service-specific areas will help health boards to plan services and make resourcing decisions to ensure quality services are delivered across the whole population.

The Welsh Government will shortly be consulting on a set of draft regulations to mandate the use of Health Impact Assessments in specified circumstances. These regulations will promote a broader consideration of socio-economic factors, so that positive health impacts can be maximised, and potential negative effects eliminated, reduced, or mitigated. They will go some way to ensuring that public bodies consider the impacts of their decisions on the mental and physical health of their population and support a reduction in health inequalities. There is no budget allocated to this activity.

The Welsh Government has placed a strong emphasis on equity and inclusion in health and care. This means ensuring that everyone in Wales has access to the same high-quality healthcare, regardless of their background or circumstances. A *Healthier Wales* - our long-term plan for health and social care - has addressing health inequalities as a core theme running throughout. Part of our work includes the establishment of an NHS Health Inequalities Group, which is co-chaired by Welsh Government and NHS Wales, to focus and drive efforts towards tackling health inequalities through the lens of the NHS.



## Question 10

How the impact of funding allocations on different groups/communities has been taken into account during the development of the budget proposals.

### **Response:**

We expect the financial outlook for the NHS, next year, to be one of the most challenging we have ever faced.

We have considered the potential impact and have reprioritised across the MEG, this exercise will help to mitigate the more serious impacts on frontline services, patient care, access and performance targets. We aim to offset the most severe impacts across all parts of Wales and provide protection for the most vulnerable, including children, disabled, older and vulnerable people.

While we have redirected funding from across the Welsh Government, this still means health boards will face some challenging decisions to manage within their individual budgets. All decisions by Health Boards will be subject to quality impact assessments, balance of risk judgements and potential consultations, if decisions impact on service change. Each health board faces different challenges in terms of population need and the configuration of services; the actions taken to manage any cost pressures will vary according to organisation and will be subject to local determination.

In prioritising funding to the NHS, we have reviewed all centrally held budgets in Health & Social Services and redirected funding from a number of areas. Some examples are:

### Integrated Community Services

We have maintained funding through the £146.7m Regional Integration Fund which is developing preventative and capacity building models of care specifically for the following key population groups;

- Older people with complex needs.
- Children with complex needs.
- Unpaid Carers.

- People with learning disabilities and neurodivergence.
- People with poor mental and emotional health.

### Mental Health

We will continue to protect the mental health NHS ringfence, which provides core support to mental health services across Wales, including to some of the most vulnerable people in society. We cannot increase additional funding in 2024-25, as originally planned, by £15m, and have also reduced the existing mental health central budget by a further £6m.

As mentioned in Question 3, we will be publishing our draft mental health strategy early in the new year which will outline our priorities for spend. The draft strategy is based around a number of principles which include equity of access, experience and outcomes, and person-centred care. It has been informed by the Committee's recommendations on tackling mental health inequalities. As part of the strategy development, we have considered the impact of the actions on different groups/communities, and this is captured within the relevant impact assessments. These draft impact assessments will also be subject consultation as they will be published alongside the draft strategy.

### Prehabilitation

A planned £3m increased investment targeted specifically at those on waiting lists who could benefit from extra support to improve their general health and wellbeing won't go ahead. Health Boards are nevertheless investing in these approaches from their core budgets, and we have developed a digital offer which will be rolled out within existing resources. We continue to invest in weight management services through health boards and our national help me quit stop smoking service.

### Health Protection

We are reprioritising £22m of funding within our health protection budgets, which supports a wide range of measures aimed at protecting the public from potential health threats. By re-prioritising we will strengthen delivery in some targeted areas,

including emergency planning, antimicrobial resistance (AMR) and delivery of the HIV action plan and allocate funding directly to the NHS to support front line health protection services from the national Covid response.

### Social Care

We have reprioritised £10.5m from the Social Care Workforce Grant. To ensure continued delivery of existing activity, including protecting spend on eliminating profit within the care of looked-after children, we are reviewing planned activity and exploring efficiencies and rescoping activity until 2025-26. We are also protecting the core local government settlement, which funds social care.

We have reviewed funding from our Invest to Save budgets including funding for looked-after children. We will continue to support the schemes we have already committed to in 2024-25, totalling £3.8m but we will not be able to take forward further planned schemes.

The Social Care Reform Fund will not receive the original planned £5m uplift. Officials are working to protect spend which relates to services to avoid or minimize potential impact in terms of reduced services, potential staff reductions and avoid the need to reduce support already offered either formally or indicatively, thereby avoiding or minimising impacts on local authorities and social care partners which could affect disabled people, the elderly and the most vulnerable members of society.

An example of taking account of the impact of funding allocations on different groups would be continuing to provide additional funding (£3.5m 2024-25) for unpaid carers to take a break from their caring role and £1.75m in 2024-25 to receive small grants for essential help, thereby sustaining caring arrangements for people within their home and reducing demand on NHS and residential care.

### Childcare Offer

The Childcare Offer supports parental employment. Parents surveyed reported a range of positive impacts from accessing the Offer:

- 75 per cent of parents reported that the Offer had made it easier for them to undertake their work;
- 37 per cent of parents reported that they would be working fewer hours had the Offer not been available to them – this impact was greater for parents earning under £26,000 per year (42 per cent reported that they would be working fewer hours without the Offer);
- 10 per cent of parents said they would be in a job with fewer career progression opportunities, and a further 10 per cent said they would not be working at all if the Offer had not been available to them.

The Childcare Offer for Wales is demand led and there is £2.5m allocated as an Additional Support Grant. Reductions in the budget for 2024-25 have been made modelled on take up in 2023-24. Given the demand-led nature of the programme, additional budget will be allocated if necessary.

### Baby Bundles

The Bwndel Babi Programme intended to offer support to approximately 26,000 new and expectant parents. With reduced budget, the Programme will need to be targeted on a smaller geographical basis such as Flying Start and/or Bwndel contents removed to reduce costs. If delivered within Flying Start areas, approximately 8,000 new and expectant parents could be supported.

The reduction in budget will mean that some families at risk of or experiencing poverty living outside of the targeted area will not benefit from the support offered through the Programme.

### **Assessing impact/value for money**

#### **Question 11**

The mechanisms in place (within the health and care system and at Welsh Government level) to assess whether spending by health boards/trusts and local authorities is achieving its aims and delivering value for money. What/where does the Welsh Government consider are the main challenges in assessing outcomes/value for money.

**Response:**

NHS

The NHS has long standing processes which report on performance and financial monitoring. The Welsh Government HSS Finance team receive and scrutinise the financial reporting information on a monthly and annual basis.

We also have the Financial Planning and Delivery team within the NHS Executive who work between the NHS and Government to ensure financial sustainability and delivery in the NHS, alongside maximising the impact and use of health and social care spending in Wales. It also supports the pursuit of an integrated quality and safety agenda, focusing on how the NHS uses its resources and the outcomes it achieves to identify opportunities for improvement.

As part of the System Enhanced Monitoring and Recovery Framework, the Utilisation of Resources Group was reframed in August 2023 as the NHS Wales Value and Sustainability Board, which meets monthly. The Board will drive a systematic approach to strengthen cross system working, to deliver actions for financial improvement and to deliver more sustainable health care on a consistent basis.

The principle is for the strengthened national approach to support and compliment local planning and delivery arrangements to progress identification, development, and implementation of opportunities for both in-year and recurrent financial improvement across NHS Wales.

The establishment of the Value and Sustainability Board in Welsh Government is used to highlight the variation across several significant budget areas, across the

health and social care system.

This work commenced earlier this year and has provided an oversight mechanism into a number of value pathways to drive value for money. Some early examples in medicines management, procurement and continuing health care have demonstrated more focus on variation and standardisation is and will have an impact on value for money differentials across the health and social care system.

Work is underway to identify clinical pathways through the value in health centres to support the medium-term aims of this work. We are looking at a number of high-value low-impact pathways, which support not only improved value for money but also improve clinical outcomes and patient experience. This work is supported by all the NHS Wales Health Boards and has currently identified five health conditions as its focus for this year and next.

Further opportunities to standardise approaches and pathways will continue to be developed, but these remain challenging to deliver without clear clinical engagement and patient communication. Using the strategic national programmes in Wales, the NHS and Welsh Government are engaging with clinical colleagues and stakeholders to embed best practice and value for money approaches.

It remains a challenge to deliver a once for Wales approach in all areas due in part to the variation in public health across different communities, and also the availability of workforce in some areas will restrict an efficiency led approach. Work is underway to assess further sustainability issues in service provision and identify opportunities to eliminate excessive cost drivers in these challenged areas.

We will continue to invest in a value-based approach to recovery over the medium term, with a focus on improving outcomes that matter to patients; £14m is allocated in 2024-25 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.

In recent years, we have improved and embedded our planning and delivery frameworks with the NHS. This has included a focus on a number of areas to deliver on improvements in financial sustainability, for example, the implementation of Getting it Right First Time (GIRFT) related initiatives and priorities such as patient initiated follow-ups in planned care and implementing a value-based healthcare approach in a number of condition areas, to improve outcomes relative to resources utilised.

We also have the Welsh Value in Health Centre, hosted by Cwm Taf Morgannwg University Health Board in 2023-24 (but moving to the NHS Executive for 2024-25), which provides capacity and support to Local Health Boards in the delivery of value based healthcare activity which will improve the outcomes of our population.

### Social Care

Welsh Government direct investment in social care is intended to support local authority mainstream spending in relation to specific aspects of service development and improvement. Such investment is subject to individual grant agreements which include proportionate provisions in relation to the assessment of outcomes and value for money.

Almost all of the funding for local authority social services is funded through the un-hypothecated general revenue settlement and local authorities' own resources from council tax, fees and charges and other income. This expenditure in relation to social care is under the control of individual local authorities, including the determination of intended outcomes for that spend and the associated assessment of value for money, within the requirements of relevant statutory provisions.

There are both specific service related requirements (such as through the Social Services and Well-being (Wales) Act 2014) and more general provisions, which establish or update Local Government in Wales (such as in the Local Government and Elections (Wales) Act 2021) and set the framework within which local authorities

operate and are accountable. Through this the Welsh Government ensures that there is a local and national general framework of assurance and control.

Key elements of this framework are:

- requirements on local effectiveness and efficiency, on scrutiny and on performance
- requirements for external audit
- the publication of data (such as the Local Authority Social Services Annual Report) to enable local and national transparency, monitoring and scrutiny and inspection through Care Inspectorate Wales (CIW).

Local Authorities have a general obligation to secure economic, effective and efficient services which Authorities must keep under review (The Local Government and Elections (Wales) Act 2021).

Similarly, to provide for a general culture where councils in Wales continually aim to do better, Welsh Government has legislated to require that Councils must keep their overall performance under review. This includes requiring they seek the view of citizens and publish an annual self-assessment of how effectively they are exercising their functions. Each local authority must also periodically ensure that a panel assessment of its performance takes place.

Local scrutiny is an essential element of this assurance, in addition to local authority-specific scrutiny, the role of which was strengthened for all services through the Local Government and Elections Act 2021.

The Auditor General for Wales is responsible for auditing both the accounts of and the value for money of local authorities.

The Welsh Government publishes data on social service and other local authority services budgets and expenditure each year. To complement this, local authority social service provision is monitored, on a monthly basis, via the Social Services Checkpoint report. This provides, for example, data around the number of contacts,



the number related to safeguarding, assessments, children and adults receiving care and support, and children looked after.

This is further complemented by the measuring activity and performance data of the Performance and Improvement Framework for social services. Such data is an important asset in understanding the environment of social care both locally and nationally, being used to assess the volume of people local authorities provide care and support to and the demand on particular services and functions. It also serves as a tool that can be used by local authorities to monitor their capacity to deliver against the requirements of the Social Services and Well-being (Wales) Act 2014. A report on measuring activity and performance data of the Performance and Improvement Framework for social services is published annually. This data provides an annual summary of the activity of local authority social services across Wales.

The above is underpinned by arrangements to consider the operations, efficiency, etc, of local authority social services departments through the regulator, Care Inspectorate Wales.

### **Health boards' financial performance**

#### **Question 12**

An update on the overall financial performance of health boards, including:

- projected end of year financial position for health boards, and which have continued to fail to meet their financial duties;
- which health boards have received 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.

#### **Response:**

At the outset of this financial year, the planned deficit outlined by Local Health Boards totalled £648m. NHS Strategic Health Authorities and Trusts outlined plans to deliver a balanced financial position.

The drivers of this position for Local Health Boards relate to a significant underlying deficit from last financial year, and significant inflationary and demand pressures over and above available funding. These pressures are not unique to NHS Wales but are challenges facing all healthcare services across the UK. In setting out this position, NHS organisations planned to deliver savings of £221m, a level of savings delivery in excess of what has been delivered previously.

NHS organisations have been facing in-year challenges to deliver the plans that were set out, due to operational challenges and persistent inflationary pressures.

In recognition of these challenges, an additional £425m was allocated to the Health and Social Services to help support the NHS this financial year. In addition, we reviewed central budgets and repurposed funding towards NHS organisations where possible. Whilst this additional funding support was welcomed and was essential, Health Boards still faced some difficult decisions to balance their budgets both this financial year and next.

As a result of our actions, funding will be also provided to organisations in support of the pay award commitments that have been agreed with and committed to our union partners. Local Health Boards have also been notified of the additional allocations being made in recognition of the challenges that are being faced, we confirmed that each Local Health was required to reduce planned deficits by 10%.

Following these allocations and deficit reduction expectations, revised target control totals have been set for Local Health Boards which across the seven Boards combine to total a deficit of £123m. These are target deficit positions for Local Health Boards to work towards achieving and are offset by funding within central budgets.

Full details on the NHS position of these allocations and the target control totals set for each organisation were published as part of a [written statement](#) by the Minister for Health and Social Services on 8 November 2023.

On the 17 of October 2023, the Minister for Finance and Local Government provided an [oral statement](#) to the Senedd on the Welsh Government's 2023-24 financial position. That statement detailed the outcome of the work over the summer to

address the impact of the Welsh Government budget being worth around £900m less than it was when it was set in 2021. The statement also contains information on the target controls totals for Health Boards.

Performance against these target control totals has been closely monitored since they were issued, and this continues to be an on-going process. We continue to work with all NHS Wales organisations on a consistent national basis, and organisational specific basis, in progressing delivery of the target forecast positions set out for the remainder of this financial year.

The expectation is that each Local Health Board makes progress recognising that whilst there are some challenges which effect all organisations which have been recognised with additional funding such as inflationary pressures, other challenges will be unique to organisations given different population needs, geography, and configuration of services across Health Boards. Delivery actions which may be possible in some Health Boards may not be possible in others.

All Health Boards are expected to be making the best decisions possible to balance service, workforce, and financial risk within these delivery parameters. Organisations are expected to ensure that decisions are robustly impact assessed in terms of quality, safety, risk, and deliverability, and that balance of risk judgment and decision making are optimised. Local Health Boards will be best placed to determine what actions are the most appropriate to deliver financial improvement whilst balancing all other variables and risks.

The Health and Social Services MEG is reporting a forecast deficit position on Fiscal Resource (revenue) at M08 of £92.7m for 2023-24.

Included within this is the following forecast picture for the NHS:

Organisation	M08 Forecast £000s	Target Control Total £000s	Distance to TCT M08 £000s
Surplus/-Deficit			
Swansea Bay	-17,134	17,000	-134
Aneurin Bevan	-57,627	13,000	-44,627
Betsi Cadwaladr	-33,033	20,000	-13,033
Cardiff & Vale	-16,460	16,000	-460
Cwm Taf Morgannwg	0	0	0

Hywel Dda		-72,700	45,000	-27,700
Powys		-12,000	12,000	-0
HEIW		0	0	0
DHCW		0	0	0
PHW		0	0	0
Velindre		0	0	0
WAST		0	0	0
<b>NHS Wales</b>		<b>-208,953</b>	<b>123,000</b>	<b>-85,953</b>

At present, of the seven Health Boards, four are forecasting delivery of target control totals and three are not and are likely to have challenges in doing so.

The actions being taken to manage this position down further focus on:

- Ensuring all organisations are clear on the requirement and are identifying actions to deliver the Target Control Totals outlined.
- Ongoing review of all options and choices in the MEG through robust financial controls, to deliver savings and improve the overarching forecast position (over £240m of savings and opportunities rated green at M08).
- Enhancing system processes, controls to support financial improvement.
- As mentioned above, formal review meetings with all NHS organisations have been undertaken with emphasis on reporting improvements for month nine.
- On 13 September 2023 the Minister for Health and Social Services confirmed that all seven LHB's were now in escalation measures, with the escalation framework supporting financial delivery strengthened.
- Actions to deliver increased savings being identified and progressed via the National Value & Sustainability Board chaired by the Director General.
- WG officials working with the NHS Executive, to monitor progress against the target control totals set out, alongside implementation of actions with each organisation as part of the escalation framework. This includes working with organisations to support the delivery of savings that health boards have identified within plans and implementing processes to strengthen actions on a consistent

national basis to support local savings delivery.

## **Social care**

### **Question 13**

Planned allocation for social care, including:

- Any additional funding identified for 2024-25, and how such funding will be targeted.
- How the allocations will help to 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 any new support schemes and 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, particularly domiciliary care staff shortages.
- How the draft budget will help the social care sector to respond to the increased cost of living, including specific spend to support domiciliary care workers, and unpaid carers and disabled people, and their families.
- Details of planned spend on the National Office of Care and Support including staff costs.

### **Response:**

As noted above, almost all of the funding for local authority social services is funded through the un-hypothecated general revenue settlement and local authorities' own resources from council tax, fees and charges and other income, and is under the control of individual local authorities.

The Welsh Government's direct investment in social care is intended to support local authority mainstream spending in relation to specific aspects of service development and improvement.

An example of the latter would be the Social Care Reform Fund, which 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 is 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 and for unpaid carers, and establish a National Social Care Office.

In relation to unpaid carers, the Carers Support Fund (£1.75m in 2024-25) 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.

The Short Breaks Scheme for unpaid carers (£3.5m in 2024-25) is also funded from the Social Care Reform Fund and provides opportunities for unpaid carers to have a break from their caring role.

There is no additional funding to enable expansion of financial support/ new schemes for unpaid carers.

In addition to this funding, £1m is provided to health boards via the Regional Integration Fund to support unpaid carers where the cared-for person is admitted to hospital or being discharged.

Finally, funding to national organisations is made from the Sustainable Social Services Third sector grant scheme to provide services and support to unpaid carers and to deliver the objectives of the Welsh Government strategy for unpaid carers.

In addition, 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.

Sustaining the previous year's £10m increase in the Social Care Reform Fund to £52m into 2024-25 will be used to enhance the support provided to the Programme for Government Commitments and thus 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

In particular, 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 £20m in 2024-25.

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 our 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

Similarly, the allocation in the Social Care Reform Fund for radical reform of children's services has increased from £3m in 2022-23 to £9m in 2024-25.

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.

### Real Living Wage

The Draft Budget for 2024-25 includes funding 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, including in the context of a rising cost of living 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 for the social worker bursary is provided to students taking up the social work degree and offers additional financial support. This makes the social work degree more financially attainable and will ensure we have a sustainable supply of future social workers. The increase to the bursary of £10m over three years announced in 2022 has been available to students who took up the course since 2021-22.

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 £10m over three years to assist with the training of future social workers. Of this £10m package of funding, the changes we are making total £3.5m across the three years. This represents a more than 50 per cent increase on the original 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 total £34.4m for 2024-25.

The staffing cost allocation for National Office for Care and Support posts is £464,512.

Children, Young People and Education Committee

Date: 17 January 2024

Time: 10:00-12:00pm

Title: Evidence paper on Draft Budget 2024-25 – 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 2024-25<sup>1</sup>, published on 19 December 2023. It also provides an update on specific areas of interest to the Committee.

Draft Budget 2024-25 is the final year of the three-year spending review, building on the work undertaken on the 2023-24 budget and following the UK Government’s Autumn Budget on 22 November.

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 2024-25:

Education and Welsh Language MEG – Summary	2024-25 Indicative (Final Budget 2023-24 - Feb 2023)	2024-25 Reprioritised Funding to Reserves	2024-25 Revised Baseline	2024-25 Other Changes	2024-25 Draft Budget (Dec 2023)
	£000s				
Fiscal resource (revenue)	1,814,255	-102,985	1,711,270	7,500	1,718,770
Non-Fiscal resource (non-cash)	517,950	0	517,950	478	518,428
<b>Total Resource</b>	<b>2,332,205</b>	<b>-102,985</b>	<b>2,229,220</b>	<b>7,978</b>	<b>2,237,198</b>
Capital	355,614	-10,000	345,614	2,788	348,402
<b>Total Resource &amp; Capital</b>	<b>2,687,819</b>	<b>-112,985</b>	<b>2,574,834</b>	<b>10,766</b>	<b>2,585,600</b>
Resource AME <sup>[1]</sup>	73,225	0	73,225	-66,641	6,584
Capital AME	1,181,714	0	1,181,714	103,513	1,285,227
<b>Total AME</b>	<b>1,254,939</b>	<b>0</b>	<b>1,254,939</b>	<b>36,872</b>	<b>1,291,811</b>
<b>Total – EWL MEG<sup>[2]</sup></b>	<b>3,942,758</b>	<b>-112,985</b>	<b>3,829,773</b>	<b>47,638</b>	<b>3,877,411</b>

***Fiscal resource (revenue)***

1.1.2 When we published our 2022 Welsh Spending Review, we set out ambitious plans for education up to 2024-25. This included revenue increases to the MEG of £188m in 2022-

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

[1] *Annually Managed Expenditure*

[2] *Main Expenditure Group*

23, with further increases of £50m in 2023-24 and £38m in 2024-25. Last year's draft budget provided further revenue increases of £13.5m in 2023-24 and 2024-25.

1.1.3 However, the scale of the financial challenges facing the Welsh Government has meant some difficult decisions to reshape our budget for 2024-25. Every portfolio was asked to undertake a rescoping exercise to identify funding to be released to support the pressures we face on a cross-government basis, with the changes broadly proportionate to the size of the departmental budgets as a share of the overall Welsh budget. For Education, this has resulted in the reprioritisation of just under £103m (5.68% of 2024-25 indicative baseline) to provide extra funding and protection for the services which matter most to people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services. Within the Education portfolio we have protected pre-16 education budgets as far as possible, which has meant some difficult choices to refocus funding from further and higher education, including our demand led student support budget. A summary of these changes is outlined at Annex A and further detail is provided within Annex B and the specific areas section of this paper. The process has been guided by the budget principles to protect core, frontline public services as far as possible, deliver the greatest benefit to households which are hardest hit, to prioritise jobs, wherever possible and to work in partnership with other public sector bodies to face this financial storm together.

1.1.4 The reprioritisation is offset by allocations from central reserves totalling £7.5m. This includes £3.5m for the reprioritisation of funding for Universal Provision of Free School Meals (UPFSM) through the Co-operation Agreement and £4m for the Education Mutual Investment Model (MIM) for annual service charges. Further details of these changes are included in the relevant sections of this paper (section 2.3 for UPFSM) and at Annex B.

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

1.1.5 The non-cash budget for the EWL MEG has increased by £0.478m in 2024-25 with the following allocations from Reserves:

<b>Education and Welsh Language: Non-cash Budget Allocations</b>	<b>BEL</b>	<b>2024-25 £000</b>
Cover for the amortisation of intangible fixed assets relating to database development and depreciation of IT equipment for the Education Workforce Council (EWC)	Teacher Development & Support	400
Additional requirement for the Commission for Tertiary Education & Research (CTER)	CTER	78
<b>Total Non-Cash from Reserves</b>		<b>478</b>

***Capital***

1.1.6 The three-year spending review published back in December 2021 set out capital spending plans from 2022-23 until 2024-25. This included £300m per annum for the Sustainable Communities for Learning (SCfL) Programme, £20m per annum for Higher Education, £15m per annum for Welsh-medium capital and £25m in 2024-25 for Childcare and Early Years (£8m has been re-profiled from 2023-24 into 2024-25 to increase funding to £33m) (see sections 2.21-2.23). In this draft budget we have reprioritised £10m from education capital budgets to provide scope for a capital to revenue switch in 2024-25. To minimise the impacts of this change in allocation we will prioritise core projects within the SCfL programme.

- 1.1.7 There is an allocation of £2.788m from reserves for Financial Transactions (FT) capital for Education MIM loans via the Development Bank of Wales for Bridgend County Borough Council (two primaries) and Cardiff and Vale College (Vale campuses).

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

- 1.1.8 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 September 2023.

## **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 2024-25 is provided at **Annex A**. The report provides detail on 2023-24 First Supplementary Budget allocations, 2023-24 forecast outturn (period 7) and 2022-23 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 2024-25 draft budget, the indicative allocations for 2024-25 presented in Final Budget 2023-24, published on 28 February, have been used as the baseline budget for comparative purposes.

## **1.3 Education Priorities & Other Strategic Priorities**

- 1.3.1 Our national mission is to achieve high standards and aspirations for all by tackling the impact of poverty on educational attainment and supporting every learner. Working with our partners across the education sector we are delivering our ambitious programme of education reforms, Programme for Government and Co-operation Agreement commitments.

- 1.3.2 In March 2023, we published [Our national mission: High standards and aspirations for all](#), as a successor to the previous Education in Wales action plan. It provides a strategic roadmap for our collective action in the education sector to secure improvements for all learners. The roadmap does not include any new policy commitments, and for the first time it reflects action being taken across the whole Education and Welsh language portfolio, and is articulated under six core themes:

- Learning for life
- Breaking down barriers
- A positive education experience for everyone
- High-quality teaching and leadership
- Community based learning
- Cymraeg belongs to us all.

- 1.3.3 As part of budget preparations, the Minister for Finance and Local Government and I, alongside Cabinet colleagues, have discussed the level of resources to support education, and in particular front-line funding to schools. To safeguard as far as possible core funding to schools, we have protected the Local Government Revenue Support Grant (RSG) as part of the budget changes for 2023-24, announced on 17 October. For 2024-25, we are

continuing to protect the Local Government settlement, by maintaining the planned 3.1% increase between 2023-24 and 2024-25.

- 1.3.4 As part of the Programme for Government, we have committed to reducing the administrative burden on local authorities (LAs), to allow them to focus on their vitally important work delivering services. At the heart of this work is our desire to ensure that LAs are not hampered by unnecessary bureaucracy. We know that in order to relieve pressure on both local government and Welsh Government at this time of stretched resources, the need to identify, reduce, and eliminate burdensome or unnecessary process and provide more flexibility is stronger than ever. We have worked closely with LAs to understand their concerns and grants management was the key area identified for change to achieve mutual benefit.
- 1.3.5 In this draft budget we propose a new approach for pre-16 education grant funding with the aim of reducing the burden on our LAs and schools. We will be rationalising and consolidating our grants currently provided to LAs and regional consortia and partnerships. From 2024-25, we are proposing to amalgamate the Local Authority Education Grant, Regional Consortia, Pupil Development Grant and Welsh Language grants into one grant scheme called the Local Authority Education Grant (LAEG). This grant scheme will be made up of four elements of education funding: School Standards, Equity, Reform and Cymraeg 2050, with each strand presented as separate Budget Expenditure Lines (BELs) to aid transparency. This funding will allow further flexibility for our trusted LA partners, whilst they help us deliver on our policy objectives. In total £379m will be provided through the LAEG in 2023-24, which is in line with the funding provided for similar grants in 2023-24 and a 3.2% (£11.8m) increase against the 2024-25 indicative budget for the grants transferring in. A summary of the areas included as part of the amalgamation grant process and associated transfers is included at **Annex C**.
- 1.3.6 Despite the rescoping exercise we have been able to maintain funding that supports Programme for Government commitments, including:
- boosting funding in relation to the Recruit, Recover and Raise Standards Programme established to help learners overcome the negative effects of the pandemic and to support the most vulnerable and disadvantaged learners, with £10.9m of extra funding being routed through the School Standards strand of the new LAEG;
  - protecting the extra £9m invested last year for the Pupil Development Grant (PDG) that funds schools to support our most economically vulnerable learners, with funding transferring to the Equity in Education strand of the new LAEG (see section 2.3); and
  - protecting the extra £4.5m invested last year to support to implement the Additional Learning Needs Act, with funding of £22m now being routed through the LAEG (see section 2.10).
- 1.3.7 This budget reflects the following allocations linked to the Co-operation Agreement with Plaid Cymru:
- £93.5m in 2024-25 to roll out UPFSM within the lifetime of the agreement, which includes an extra £3.5m from Reserves agreed with Plaid Cymru following the re-profiling of funding from 2022-23 (see section 2.3); and
  - £4.5m in 2024-25, through freezing funding at 2023-24 level (which has released £3.5m as part of the rescoping exercise), for the Coleg Cymraeg Cenedlaethol and the National Centre for Learning Welsh to 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).

- 1.3.8 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.
- 1.3.9 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 Detailed impact assessments, including a Children's Rights Impact Assessment (CRIA) are undertaken as part of our ongoing policy development and review. A Strategic Integrated Impact Assessment (SIIA) is one of a suite of documents published as part of the draft Budget and is critical to identifying key trends, strategic and cumulative impacts at portfolio level, across a range of areas, including giving due consideration across the statutory requirements.
- 1.4.2 We continue to maintain that the integrated approach underpinning the SIIA enables us to better understand the intersectional and unintended impacts of spending decisions and to maximise the impact of available funding, reducing the disproportionate effect on any one specific group or area. To consider 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.
- 1.4.3 We have been working with Children in Wales, Young Wales Project Board and officials across Welsh Government, to co-produce a Young Person's version of the Budget Improvement Plan, which will be published at the end of January 2024. An animated version has also been developed to engage with young people and help them understand how the Welsh Government works and what the Welsh Treasury does. The animation is set to be launched in January and will take place at the Senedd.

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

- 1.4.4 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 decision to protect funding for the PDG and ALN recognises the importance of prioritising investment that supports preventative measures.
- 1.4.5 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 2024-25 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 The costs related to implementation of Additional Learning Needs and Education Tribunal (Wales) Act 2018 and the wider ALN Transformation Programme in 2024-25 are set out within the ALN reform section 2.10.

### ***Details of allocations within the 2024-25 budget intended for the implementation of the Tertiary Education and Research (Wales) Act 2022.***

1.5.3 2023-24 is the final, transitional year in the establishment of the Commission for Tertiary Education and Research (CTER) and no specific costs associated with the implementation of the Tertiary Education and Research (Wales) Act 2022 have been identified beyond this point. Further detail on CTER is outlined in section 2.8.

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

1.5.4 We are not aware of any UK Parliament legislation that may impact on our budget for 2024-25. However, we continue to monitor UK Government's Legislative Programme and will ensure that individual impact assessments, including development of Regulatory Impact Assessments (RIAs) will be taken where necessary.

### ***Financial implications in 2024-25 of any relevant subordinate legislation.***

1.5.5 The budget will continue to take account of relevant subordinate legislation in 2024-25. 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 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 any remaining impact of the pandemic on the Education and Welsh Language MEG in 2023-24 and any ongoing implications in 2024-25, including an update on budget arrangements for meeting these, for example whether the "Recruit, Recover, Raise Standards (RRRS)" programme is continuing in 2024-25***

1.6.1 Schools and education settings continue to operate in a very challenging context and are continuing to manage the far-reaching impacts of the Covid-19 pandemic, including



persistent levels of absenteeism and worsened behaviour in classrooms, and mental health and wellbeing issues. There is little evidence that the impacts of Covid have dissipated and further financial pressures will impact on how schools and other education settings manage the ongoing impacts of the Covid 19 pandemic for children and young people.

- 1.6.2 As previously outlined, for 2024-25 the RRRS programme will now sit within the School Standards funding element provided to LAs through the LAEG. Funding for the RRRS programme was due to taper down from £37.5m in 2023-24 to £28.5m in 2024-25. Whilst the programme was intended to be time limited, it is clear that the effects of the pandemic have not gone away.
- 1.6.3 Therefore for 2024-25, we have been able to re-prioritise funding within the MEG to boost the School Standards element of the LAEG by £10.9m to further support schools in these challenging financial times. This will mean that, not only are we ensuring the planned tapering of RRRS funding (£9m) is being reversed to maintain that consistent funding level to schools, but an additional £1.9m is also being provided to uplift this element of the grant. This takes School Standards funding within the LAEG to £159.9m for 2024-25, which includes funding previously supported via the Education Improvement Grant (£115.2m) and Foundation Phase Nursery (£5.3m).

***Details and breakdown of the funding allocated for the education sector's response to the pandemic, in 2022-23, plus any allocation in 2024-25 (essentially an update to paragraphs 1.6.5-1.6.6 of last year's paper)***

- 1.6.4 For 2022-23 there were no changes to the funding outlined in last year's paper. In 2023-24, the following amounts have been allocated:
- £37.5m for continuation of the RRRS Programme;
  - £5.33m to support learner wellbeing and progression in schools;
  - £12m for Additional Learning Needs;
  - £2m for additional counselling provision; and
  - £3.5m for attendance to support and encourage learners who are disengaged or at risk of disengaging.
- 1.6.5 In 2024-25, the majority of this funding will be awarded through the new LAEG grant to LAs.
- 1.6.6 The [Post-16 COVID 19 Recovery Funding Evaluation 2022-2023](#) and Welsh Government research into the effect of the pandemic on learners at Further Education Institutions has demonstrated that there is a continued need for additional learning sessions as learners have gaps in their knowledge and skills. Learners are requiring additional support with careers guidance and choosing appropriate education and training pathways. Officials will continue to work with stakeholders to consider the most appropriate ways forward to further improve and develop the post-16 education systems' resilience and readiness for long-term future challenges.
- 1.6.7 Recognising the continued impacts of the Covid-19 pandemic on post-16 learners, the Post-16 Learner Recovery and Progression funding has been protected from reductions in 2024-25, ensuring a further £10.562m is allocated to support learners with additional group-based or 1-1 interventions.

## **1.7 Impact of Brexit**

***An update on whether there are any specific financial implications for the 2024-25 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 2024-25. Further detail on our Taith programme for learners, which replaced the popular 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**

***An update 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 Like all public services, inflationary and cost of living pressures (energy costs, food costs, pay) are putting all education institutions including schools, FE and HE institutions under significant pressure. This financial year has seen continued increases in energy costs as existing contracts expired and price-caps were removed. We recognise the pressures on local authorities and other public services and that there are no easy answers. We continue to engage closely with our stakeholders on these issues. 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.

1.8.2 Core funding for schools is provided through the Local Government settlement and we have protected the Revenue Support Grant to ensure schools are prioritised.

1.8.3 FE institutions have faced increased costs of consumables used in the delivery of vocational learning programmes. Increases in timber, steel and other materials and resources have increased rapidly. In previous years the Welsh Government has been able to provide additional funding of over £2m to recognise these costs and ensure that learners have suitable opportunities to put learning into practice. However, in-year prioritisation of the 2023-24 budget has meant that we could not continue this support in 2023/24 which will have some impact on learners ability to practice learning in certain vocational pathways.

## **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 Careful financial management is essential given the extraordinary financial pressures facing public services. All budgets continue to be monitored and challenged monthly during 2023-24, to consider the latest forecasts and budget movements as necessary and to ensure a balanced budget by year end. I receive regular financial updates on the forecasts for the MEG to ensure that budgets remain on track to deliver priorities.

***The implications for the Education and Welsh Language MEG of the issues referred to in the First Minister's statement of 9 August 2023 and reports of savings needed to be made in this financial year.***

1.9.2 The Minister for Finance and Local Government's update on the Welsh Government's financial position for 2023-24 on 17 October confirmed a reduction to Education revenue budgets of £74.7m (4.1%) and capital of £40m (11.2%) compared to the Final Budget 2023-24 (February 2023). A [summary of the main changes](#) was published alongside this statement, and will be formalised at the Second Supplementary Budget 2023-24 on 20 February 2024. As well as a review of all uncommitted budgets, the areas where we have been able to make reductions in revenue funding come from underspend in demand led budgets and grants, including student support grants. The forecast underspend on this budget has informed decisions around funding that could be offered for reprioritisation in 2024-25.

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

1.9.3 In addition to the budget changes outlined in paragraph 1.4.2 above, there are a small number of other transfers planned for the Second Supplementary Budget 2023-24 outlined at Annex D (reflecting the position at the time of writing).

***The implications for the Education and Welsh Language MEG of the UK Government's Autumn Statement 2023.***

1.9.4 The UK Government's Autumn Statement published on 22 November contained no targeted support for the most vulnerable, nothing new or meaningful for Wales, and was a disaster for public services across the UK, which are being starved of necessary funding. There were no allocations made specifically to the EWL MEG as a result of the Autumn Statement.

## **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 2024-25 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. As noted for 2024-25, we have committed to maintain the Local Government settlement at a 3.1% rise, with total annual core funding contribution of £5.7bn. In addition, we are providing £1.3m through the RSG to ensure that no authority has an increase in settlement of below 2%.

2.1.2 Over recent years we have been streamlining the monitoring and evaluation of our grants and the outcome of this can be seen in this year's grant awards. However, we need to accelerate this work to ensure that resources are being targeted and delivered in the most appropriate, efficient, and effective ways. Our new grant approach for pre-16 education is therefore a further simplification and streamlining of funding to local authorities and schools in line with our national mission of high standards and aspirations for all. From April 2024

we will be providing funding via the Local Authority Education Grant (LAEG) with four grant elements, namely: School Standards, Equity, Reform and Cymraeg 2050.

- 2.1.3 Simplification also means looking at how these grants are administered. The *Review of School Spending in Wales* underlined the unnecessary complexity in our system, and the issue has been raised as part of workload negotiations. The [Review of Roles and Responsibilities of Education Partners in Wales](#), announced in July, has also highlighted frustrations with the grant funding process, the bureaucracy associated with it and the uncertainty it causes for school leaders.
- 2.1.4 The new grant approach will mean we are investing £379m as part of the LAEG in 2024-25. We will work with all partners over the next few months ahead of the new financial year to ensure the new arrangements are bedded in.
- 2.1.5 There is some funding which remains outside of this new approach. These are our demand-led schemes where specific claims on actual demand are necessary for payment purposes and include, UPFSM, School Essentials, NPQH and Post-16 Specialist Placements funding.

***An update on any work the Welsh Government is carrying out to consider amendments to the School Funding (Wales) Regulations 2010.***

- 2.1.6 A wide range of Welsh Government portfolios are involved in the education system and the funding available to our young people. Many areas cut across and are relevant to a number of the recommendations both in the review by Luke Sibieta and the CYPE Committee's 2019 School Funding in Wales report. Therefore, we have established an internal stakeholder group to coordinate and manage this work.
- 2.1.7 We have also invited local authorities and trade unions to complete an informal questionnaire and established a working group with local authority representatives.
- 2.1.8 Further to this, we have also commissioned various pieces of research to ensure we have the latest evidence to help inform policy making. This includes research on the use and effectiveness of PDG funding, which was undertaken by Bangor University. We published this [report](#) in September 2023. We are also looking at alternative ways of identifying socio-economic disadvantage to further support funding allocations in the future and are in the process of commissioning a piece of research on this.

***The Minister's perspective on the level of school budget reserves, in the context of the 31 March 2023 data due to be published in late October 2023.***

- 2.1.9 In the latest statistical release, school reserves decreased from £301m in 2022, to £208m on 31 March 2023; a decrease of £93m (31%) from the previous year. Whilst school reserve levels still appear to be high as of March 2023, we know that some schools are in a deficit position. We are now seeing schools using these reserves to manage the increasing pressures being faced as a result of inflation and the cost-of-living crisis. We support local authorities in working with their schools to manage their budgetary positions flexibly in light of the current circumstances.
- 2.1.10 Schools and local authorities are under significant financial pressure and there are no easy answers to resolving the issues being faced. We know it is vital that communication

channels are active during these especially difficult times and are engaging closely with local government on the budget and other issues.

## 2.2 Funding for school improvement

### ***An explanation of how the Draft Budget 2024-25 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 are provided through local authorities. We are therefore protecting the local government settlement, which provides core funding to schools, and within the departmental budget we have reshaped our spending plans to focus on pre-16 education to drive-up school standards.

2.2.2 As outlined, the streamlining of our grants will help ensure that resources are being targeted and delivered in the most appropriate, efficient, and effective ways. Through the creation of a School Standards strand of the LAEG, we will see funding of nearly £160m directed at schools and other settings to support school improvement and learner recovery post-pandemic to raise standards. In recognition of the importance and need to further support school improvement and raising standards, we have increased the budget, from the 2024-25 indicative position, by £10.9m (3.2%). This will mean our schools and settings will be able to continue to support our learners in the best way they can with the resources available to them.

### ***Details of the Regional Consortia School Improvement Grant (RCSIG) allocations 2023-24, broken down by objective and/or funding description– essentially an update to Annex D of last year’s paper. Details of how much RCSIG was paid to each consortium and/or local authority in 2023-24.***

2.2.3 The tables at **Annex E** provide a breakdown of the RCSIG which totals £158.4m for 2023-24, together with total funding by consortium or local authority.

### ***Information on the Education Improvement Grant element of the RCSIG and the review that was underway when the budget was discussed last year.***

2.2.4 Following engagement with the regional consortia, partnerships and local authorities, we collated information on the current funding formulas used across Wales for EIG funding. This varied across regions and highlighted complexities in this funding allocation method. The Review of Roles and Responsibilities of Education Partners in Wales has also re-enforced the need for less complexity and more transparency of EIG funding.

2.2.5 The EIG budget has been included in the amalgamation of education grants; it forms part of the School Standards funding component of the LAEG. We intend to apply a national funding formula to the School Standards funding. Details of this formula will be published annually, ahead of the financial year. This will enable schools to easily establish how much funding they will be receiving for the upcoming financial year to assist with their budgetary planning.

## 2.3 The cost of living and 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.***

- 2.3.1 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.
- 2.3.2 Funding will continue to be allocated on the basis of £1,150 per eligible learner and passported directly to schools by the LA. PDG funding directly supports schools to mitigate the impact of poverty upon children by providing additional funding for learners from low income households and care experienced children. It also supports the objectives of the Welsh Government's draft Child Poverty Strategy.
- 2.3.3 The School Essentials grant also has an important role to play and has made a significant difference to many lower income families across Wales, helping to reduce the worry surrounding the purchase of school uniform and equipment, enabling children and young people to attend school and take part in activities at the same level as their peers. The grant was extended in 2021-22 to children and young people in all compulsory school years who are eligible for means tested free school meals or looked after by a Local Authority.

***A breakdown of the "Tackling barriers to attainment" BEL for the Pupil Development Grant (PDG) and the School Essentials Grant and an update of how eligibility for these is assessed, given the main qualifying criteria (eligibility for free school meals) is moving to universal provision in primary schools.***

- 2.3.4 As part of the work to reduce the administrative burden for LAs and consolidate the grant landscape, PDG funding of £127.825m will be transferred from the Tackling Barriers to Attainment BEL to the new combined Equity in Education BEL of the LAEG in 2024-25. There is no change to this budget compared with 2023-24. Funding continues to be allocated on the basis of the number of learners eligible for free school meals (eFSM) in the Pupil Level Annual School Census (PLASC) census for the preceding year (PLASC 2023 for 2024-25 allocations).
- 2.3.5 Following an administrative transfer to shift funding for the service children grant (£0.27m) to the Vulnerable Groups BEL, the remaining budget within the Tackling Barriers to Attainment BEL (4764) of £13.885m and is proposed to include:
- School Essentials grant (£13.096m) – whilst the grant has reduced by £0.5m to reflect the reduction in the number eFSM learners in PLASC 2023. This is a demand-led budget and there is no change to entitlement for eligible learners ((£125 per learner or £200 for those entering year 7).
  - Equity and Attainment Programmes (£0.789m)
- 2.3.6 My 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 socio-economic disadvantage for children in this age group.
- 2.3.7 The Statement set out we 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. Officials are taking forward a three-stage research project scoping why and how the Welsh Government and public sector partners use the eFSM indicator, and to explore suitable options to meet needs in the future for data on learner socioeconomic deprivation. The first stage research has gone out tender with all stages expected to be complete within 12 months.

2.3.8 Parents/guardians continue to be encouraged in a communications campaign to register their eligibility for means-tested free school meals as this forms part of the criteria for funding for PDG and 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).***

2.3.9 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 £3.732m for local authority sixth forms and £18.933m for FE colleges.

2.3.10 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 2023-24 FCF core funding was increased from £6.33m to £6.71m to recognise the impacts of increased costs of living and to support those learners that might not otherwise access education. This budget has been protected from reductions in 2024-25.

2.3.11 Statutory maintenance support for students undertaking courses of higher education was increased by 9.4% for the 2023/24 academic year. We remain mindful of the importance of funding for living costs, with support through a mixture of grants and loans which is progressive: those from low income backgrounds are eligible for higher levels of grant. Rates for 2024/25 will be confirmed early in the new year and no later than March 2024. Despite a reduction to the student support grants of £53.9m in 2024-25, the budget is demand led and the same support is planned to be made available to all undergraduates for 2024/25.

2.3.12 In line with Programme for Government we have not only protected the Education Maintenance Allowance (EMA) but increased in April 2023 to £40 per week for eligible young people attending post compulsory education. It is planned that EMA will remain at that level for 2024/25. As recommended by the CYPE Committee, an independent review of EMA is being commissioned with recommendations from this review being considered for 2025/26 and in line with available budgets at that time.

***The costs of the expansion of free school meals in 2023-24, 2024-25 and future years, and an update on the schedule for extending FSM throughout all primary school age groups.***

2.3.13 As part of our Co-operation Agreement with Plaid Cymru there is a commitment to roll out UPFSM within the lifetime of the agreement. Originally £200m revenue was allocated over three years to deliver this commitment: £40m for 2022-23, £70m for 2023-24 and £90m in 2024-25. Following agreement from Plaid Cymru, due to an underspend in 2022-23, £7.4m has been re-profiled into 2023-24 to support the provision of free school meals in the school holidays (until May half term) and £3.5m into 2024-25. As part of the in-year re-prioritisation exercise £11.5m was offered up, reducing the budget to £58.5m for 2023-24 (£65.9m including re-profiling). This is a demand-led grant to LAs and, despite the reduction, there remains sufficient funding to cover the current roll out plans this financial year. For 2024-25, this budget reflects an allocation of £3.5m from Reserves for UPFSM, increasing the budget to £93.5m in 2024-25. This budget provides scope to respond to the findings of the unit rate review through increasing the unit rate. It also allows room for growth in take up above the current take up level of approximately 70%, retaining £5.1m at an uptake level of 80%, providing flexibility to respond to any emerging issues in-year.

2.3.14 There was also £60m capital funding (£25m in 2021-22 and £35m in 2022-23) for local authorities to invest in improvements to school catering facilities, including purchasing equipment, upgrading existing kitchen facilities, and updating digital systems. We anticipate that this funding will be sufficient for the majority of local authorities and although there is no capital funding ringfenced for UPFSM in 2023-24 and 2024-25, we will continue to review bids as needed on a case by case basis, with funding allocated through the SCfL Programme.

2.3.15 LAs are continuing to roll-out the offer, with all on track to complete roll-out by the end of the Co-operation Agreement. Since the beginning of the new academic year in September 2023:

- 13 local authorities are currently rolling out to all primary year groups;
- 6 local authorities have rolled out up to year 4 with Years 5 and 6 expected to be rolled out in April 2024; and
- The remaining 3 local authorities have rolled out up to Year 3 with the other year groups expected to be rolled out from April 2024 onwards.

2.3.16 As a result of the roll-out of universal free school meals in primary schools, more than 145,000 primary school children are now eligible for a free school meal and are offered at least one nutritious meal as part of the school day. More than 11 million additional meals have been served since September 2022.

***A further breakdown of the funding provided to local authorities in 2023-24 for UPFSM and for 2024-25 if known.***

2.3.17 Revenue allocations made to all LAs in 2023-24 are calculated on the following basis:

- A set unit rate per meal;
- 86% uptake of the offer among newly eligible learners according to each LA's plans for rollout (calculations are based on the difference between all pupils on PLASC 2022 minus those eligible for free school meals under income/benefit-related criteria or through Transitional Protection arrangements, which represents the anticipated total expansion); and
- A fee to cover additional administration costs incurred.



2.3.18 The grant is demand-led with LAs preparing monthly claims on the actual numbers of meals served. Any variances less than or greater than 86% meals served are adjusted in the payments made.

2.3.19 Local authority revenue allocations for the 2023-24 financial year are set out at **Annex F**. Revenue allocations for 2024-25 are not yet available and will be informed by the planning process in the new year, which in partnership with LAs local roll-out plans.

***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 school holiday enrichment/summer of fun/food and fun projects.***

2.3.20 We have maintained funding to support the School Holiday Enrichment Programme (SHEP) at £4.85m for 2024-25 with funding allocated from the Food and Nutrition in Schools BEL. This is in line with funding allocated for 2023-24, where 175 schemes ran during summer 2023 offering 11,100 places each day schemes ran to learners in areas of social-economic disadvantage, including support for 1:1 and ALN. In addition, this year, in response to the cost-of-living crisis, the majority of LAs offered learners attending schemes a 'bag bwyd' (a bag containing pantry staples) to take home.

2.3.21 Recent evaluation has shown that in 2022 the Programme was successful in its aim of supporting school engagement and aspirations and positive impacts were observed on children's physical activity, diet and emotional well-being during the summer holidays.

2.3.22 We continue to maintain our School Milk scheme. For those schools who opt-in, the Welsh Government provides free milk for foundation years and subsidised milk for those in Key Stage 2. This ensures that pupils in reception, year 1 and year 2 can receive a free glass of milk each day or at a reduced cost for pupils in years 3-6. Whilst there has been a £0.2m reduction to the school milk budget in 2024-25 as part of the reprioritisation exercise (to £3m), the budget is demand led and remains available to all schools in Wales who wish to participate.

2.3.23 We maintain our commitment to offer free breakfasts in primary schools and continue to work with local authorities to increase take-up. Funding for the Primary Breakfast scheme is allocated through the Revenue Support Grant to LAs.

## **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:

- £2.85m to deliver the 'alternative ITE routes'. These are the Part-time PGCE and the Salaried PGCE, which alongside the full-time PGCE form our suite of high-quality routes into teaching in Wales. The alternative ITE routes are intended to widen participation into the teaching workforce and to support schools to strategically grow their own

teaching workforce from their local community. Expansion and support of the alternative ITE routes are commitments under the Welsh in education workforce plan and the Anti-racist Wales plan. Both programmes will continue to be available in the 2024/25 and 2025/26 academic years. The budget has reduced by £0.5m for 2024-25 as part of the reprioritisation exercise and this is based on the projected number of candidates. The funding provides grants, which include training grants for students and salary contribution grants for schools supporting an ITE Student on the Salaried PGCE, Wales' employment based ITE qualification. Both the part-time and the salaried programmes prepare teachers for the workforce in either primary or priority secondary subjects (Science, Maths, English, Welsh, Design and Technology, and Computing). The budget is demand-led with spend highly dependent on recruitment onto the programmes.

- Approximately £2.72m to continue to deliver the Priority Subject & Black, Asian and Minority Ethnic incentive schemes intended to support recruitment into the profession via ITE. The budget is demand-led and is highly dependent on recruitment levels into full-time and part-time ITE programmes. This budget has been reduced by £0.3m for 2024-25 as part of the reprioritisation exercise based on projections of uptake. Both schemes are paid at certain points across an ITE programme and in a teacher's early career. Applicants have several years in which to claim the last instalment. Therefore, each year's budget allocation will cover several cohorts up until their respective deadline dates. The final allocation and spend varies depending on demand in the previous year.
- 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 highly dependent on recruitment levels into full time and part-time 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.
- A further £0.160m will continue to be made available in 2024-25 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.
- Up to £0.250m will again be allocated in 2024-25 to continue the communications and marketing campaign for Teaching 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 2024-25 we will be allocating approximately £35.5m to support the development and delivery of professional learning. This represents a reduction of approximately £0.3m compared to the £36m allocated in 2023-24. This saving is being made against the delivery of the National Masters in Education as it is a demand-led programme and therefore projections have been based on trends in uptake.

2.4.2 Approximately £21.4m is being transferred into the new Reform strand of the LAEG with the plan for £12m of the total funding to be allocated directly to schools. The remaining £9m is allocated for specific professional learning programmes including the teaching assistants, leadership and Curriculum for Wales programmes. A further £2.57m will be transferred into the new Cymraeg 2050 strand of the LAEG to support Welsh-medium and Welsh language professional learning.

2.4.3 The remainder of the total professional learning funding, which is approximately £11.5m, will be allocated via various routes including the 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.***

2.4.4 Grant funding of £7.726m is planned to be allocated to the Education Workforce Council (EWC) in 2024-25 (within the Teacher Development and Support BEL) 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;
- The maintenance and development of the Professional Learning Passport;
- The maintenance and development of the Educators Wales website; and
- Secretariat to Welsh Pay and Conditions Review Body.

2.4.5 This is a reduction of just over £1.2m compared to their total resource budget of £9.031m in 2023-24 and relates in the main to the removal of the £1m registration fee contribution from the Welsh Government to subsidise registration fees. The EWC will be asked to continue with the collection of registration fees on the same basis at the subsidised rates, and by doing so, this reduction will not impact on the fees for teachers and other education professionals.

***Details of any budget provision for meeting the costs of the teachers' pay award for academic year 2023/24 including a breakdown between the 2023-24 and 2024-25 financial years and the respective mechanisms used (whether direct grant or incorporated into the local government settlement).***

2.4.6 The increase of 5% across all teacher scale points and allowances from September 2023 equates to an estimated increase to the overall pay bill of £46.5million in 2023-24 (September 2023 to March 2024) and £79.7 million for the full year impact in 2024-25.

2.4.7 Whilst the funding provided through the local government settlement is un-hypothecated and for each local authority to determine its own priorities, specific additional funding was provided by the Welsh Government towards the Year 1 elements of the pay award, but no specific additional funding has been provided for the Year 2 elements of the pay award i.e.

the 5% rise from September 2023 or for the ongoing baseline rise in costs. There is a reasonable expectation that the academic year 2023/24 element of the pay award, and associated financial impact for 2023-24 financial year, would be met from within the existing local government settlement. In 2023-24, local authorities received £5.5bn from the Welsh Government in core revenue funding and non-domestic rates to spend on delivering key services. This equated to an increase of 7.9% or £403 million on a like-for-like basis compared to the previous year (£412m cash increase), with no authority receiving less than a 6.5% increase. As noted, the planned 3.1% increase to the settlement is protected for 2024-25.

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

2.4.8 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 revised supply agency framework has been procured and the contracts started in September 2023. Also, a new booking platform has been procured and is currently being rolled out.

2.4.9 The cost of implementing and operating the booking platform are dependent on uptake by LAs and schools. Costs for the 2024-25 financial year will depend on the roll-out and implementation of the model based on discussions with local authorities (estimated at between £0.5m and £1.05m per financial year). There is no specific budget provision within the EWL MEG and therefore these costs place an additional commitment on the Teacher Development and Support BEL.

## **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 for Wales implementation, including our emphasis on supporting learner progression and school cluster working, we are continuing to prioritise our investment in schools and settings. As signalled in last year's budget for 2024-25, we are maintaining the additional investment of £1.66m for schools in 2024-25 for this work, reflecting ongoing impacts of the pandemic on learner progression. Alongside this, and as set out in the [Curriculum Annual Report](#), published on 5 July, baseline funding to schools to support their curriculum implementation in 2024-25 is reducing in line with projected implementation costs as the curriculum rolls-out across schools and settings.

2.5.2 The funding for curriculum support of just under £11m will form part of the new Reform strand of the LAEG from 2024-25. The Reform strand of the LAEG will direct £54.3m across Curriculum and ALN reforms reflecting our priority in supporting schools and settings in their implementation of these reforms. Our planned total directly attributable provision for Curriculum for Wales implementation across the budget, which includes funding to schools, is estimated at some £31m in 2024-25 (subject to final funding allocations).

2.5.3 This funding remains essential in helping ensure successful roll-out of our transformational curriculum by supporting the ongoing engagement of practitioners, schools and settings in their curriculum reform, Qualifications Wales and the ongoing development of associated bilingual resources.

2.5.4 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 2024-25 for the whole-school/system approach to emotional and mental health.***

2.6.1 The indicative baseline budget for the whole school approach (WSA) was £13.6m for 2024-25 (£7m Health and Social Services (HSS) MEG and £6.6m EWL MEG). This compares to a starting baseline of £12.4m for 2023-24 (£7m HSS MEG and £5.4m EWL MEG).

2.6.2 As part of our grant amalgamation plans, funding to local authorities for the whole school approach of £4.75m for 2024-25 is due to transfer to the new amalgamated LAEG. This includes the funding allocated to LAs in 2023-24 (£2.1m for school based counselling, £1.1m for LA provision (training and interventions) and £350k for LA PRU provision) as well as the planned rise in funding of £1.2m for 2024-25 to support the expansion of school based counselling support and the delivery of training and interventions linked to wellbeing in schools via LAs.

2.6.3 Funding supports a range of activity in line with the requirements of the statutory WSA Framework guidance published in 2021. Mental Health in general and specific commitments around supporting school-based counselling are PFG commitments. The remaining funding not transferring to the LAEG (£1.85m) will support a range of activity and work with the third sector, development of resources and research and evaluation.

2.6.4 Our priority is to maintain support for LA direct interventions in schools for children and young people and staff. When setting new grant criteria we will seek to ensure that wellbeing is recognised as a priority which underpins all aspects of learning, and is an investment to save, as we know that prevention, early identification and support can ensure that problems do not escalate to the point they require more intensive support later in life.

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

2.6.5 Funding of £7m is being maintained for the whole school approach within the Health and Social Services MEG for 2024-25, recognising the cross-cutting nature of this work and emphasising our commitment to progressing this agenda. Taken together with the 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.

2.6.6 In 2023-24 we have provided over £5.3m to Health Boards to support the national 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. A similar level of funding will be made available for the service's continuation in 2024-25. The remaining funding will be used to support implementation of the statutory whole school approach framework and compliment the funding made available through the EWL MEG.

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

- 2.6.7 Since 2020, the Welsh Government has invested over £20m to support the mental health and wellbeing of learners and staff in further education. This included additional funding during and following the Covid pandemic, to reflect the pandemic's impact on the mental health of young people and adults.
- 2.6.8 In the 2023/24, the funding allocated to the further education sector for mental health and wellbeing totals £4m. The majority is allocated directly to institutions for front line support, which includes counsellors and other specialist staff who support wellbeing. It also includes investment in collaborative and national projects designed to benefit the whole FE sector.
- 2.6.9 Officials work closely with the Adverse Childhood Experiences (ACEs) Hub, who support colleges to develop and embed trauma-informed practices. Other initiatives include research into support for young carers in FE, and the roll-out of staff wellbeing representatives across all colleges in Wales, working with Joint Trade Unions.
- 2.6.10 From 1 April 2024, funding for mental health and wellbeing in FE will become the responsibility of CTER. We anticipate that work will continue to support the needs of learners and staff, building on and extending the practice that has been developed over the past four years.

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

- 2.6.11 For 2024-25, £0.15m from the Tackling Disaffection BEL will be made available to support our ongoing response to the CYPE committee inquiry into peer on peer sexual harassment.

## **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 part of our grant amalgamation plans, funding of £7.225m from the Community schools BEL for Family Engagement officers (£6.532m) and Community Focused School Managers (£0.693m) will transfer to the Equity strand of the new LAEG (Equity in Education BEL). Greater engagement with families has been shown to have a positive impact on improving attendance in schools.
- 2.7.2 Funding of £2.5m will also transfer from the Tackling Disaffection BEL to the Equity Strand of the LAEG, for LAs to maintain their current level of Education Welfare Officers. Maintaining this funding at the same level provided in 2023-24 enables the Welfare service to provide support early and focus on preventative measures before attendance becomes an issue. It also enables the service to provide more intensive, one-to-one support for those pupils with high rates of non-attendance.
- 2.7.3 Funding of £2.5m from the Tackling Disaffection BEL will support projects that may arise as a result of the Attendance Task Force. The Task Force has been established to set priorities

and identify further tangible actions and drive improvements in attendance and re-engage learners.

## 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 Officials responsible for the Health and well-being Area of learning and experience are working closely across government and with external partners to ensure that this curriculum Area is supported; e.g. with colleagues in Sport branch; Health and wellbeing responsible for the Healthy Weight, Healthy Wales programme; Sport Wales and Public Health Wales. This is to ensure alignment with this new Area of the curriculum and that budget allocations from the related areas mentioned above are maximised.

2.8.2 New schools funded through the SCfL Programme provide new sports facilities as an integral part of each new school project, with alterations and improvements also being incorporated through refurbishment projects. The Community Focus Schools is a key Programme for Government commitment and with £40m capital investment over the financial years 2023-24 and 2024-25. Funding will be focused on small scale capital works that will enable community use of the existing facilities through such things as improving external lighting (sports areas), providing storage for equipment (extra-curricular activities by community groups), modifications to changing rooms and toilets, outside shelters, and security measures to segregate school and community use areas supporting physical activity for young people and their families outside the school day.

## 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 2024-25 and how this is being distributed).***

2.9.1 As part of the work to reduce the administrative burden for LAs and consolidate the grant landscape, funding of £11m to support Minority Ethnic and Gypsy, Roma and Traveller learners will be transferred from the School Improvement Grant BEL to the Equity strand of the LAEG (Equity in Education BEL) in 2024-25. There is no change to this budget compared with 2023-24.

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, based on aggregated data from the PLASC.

2.9.3 To mitigate the impact of the change in formula, for 2023-24, allocations are based on 75% latest PLASC data and 25% on each Local Authority's share of the grant in 2022-23. This dampens the impact of the financial changes on individual Local Authorities and ensures that the method moves closer to one based on the latest data.

2.9.4 For distribution of the grant in 2024-25, the Working Group will be re-established in January 2024 to agree 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 2024-25.***

***Information on funding provision for the implementation of the 2018 Act, including an updated assessment of whether the ALN reforms are proving to be cost-neutral.***

2.10.1 On the 28 November, I made an [oral statement](#) on the implementation of the ALN reforms. Implementing both ALN and Curriculum reforms during a period of unprecedented challenges has been a significant undertaking. Whilst LAs and schools are united in their enthusiasm for person-centre practices and planning, transitioning from one system to another demands time and patience.

2.10.2 During 2023-24 the implementation timelines were extended from three years to four years, to respond to workload pressures, create more flexibility, and protect quality of practice, plans, and provision that meets the needs of learners. An additional £4.5m was invested from 2023-24 to increase resources in schools to implement the ALN system and lead whole-school strategies to embed inclusive education.

2.10.3 This budget protects and continues to prioritise £25.591m investment in 2024-25 in the costs associated with ALN reform and boosts resources to support ALN learners, to be met from the Additional Learning Needs (ALN) BEL. To support the ongoing implementation of ALN reform we are continuing to prioritise our investment in schools and settings, post 16 provision and Local Authorities in line with previous years.

2.10.4 The funding to LAs and schools for ALN reform of £22m will form part of the new Education Reform strand of our LAEG to local authorities from 2024-25. The grant will direct a total £54.3m across Curriculum and ALN reforms reflecting our priority in supporting schools and settings in their implementation of these reforms (subject to final funding allocations).

2.10.5 This £22m ALN funding for LA's and schools will maintain additional resources to implement the new ALN system. As signalled in last year's budget, for 2024-25 this represents a continued boost of £4.5m. Of the funding transferring, approximately £10m is for schools and settings in 2024-25, reflecting the additional workload during the transition phase from SEN to ALN on the ALNCo's role, and work to embed a whole school approach to planning for, and meeting the needs of ALN learners. This also includes approximately £11m investment for local authorities to plan for, and respond to additional learning needs, as well as support leadership, oversight and implementation of ALN reform on a local footprint.

2.10.6 This funding remains essential to maintain implementation progress, respond and meet needs of ALN learners, and take action to respond to evidence and recommendations set out in the Estyn Thematic review for LAs, schools and the Welsh Government.



- 2.10.7 We continue to fund training for new educational psychologists, channelling over £2.6m between 2022-23 and 2024-25. Trainees are required to commit to spending the first two years of their career working for local authorities in Wales.
- 2.10.8 Within the Post-16 Provision BEL, in 2023-24 funding for learners with ALN in the FE sector was increased from £15.525m to £16.871m. This funding is being protected and maintained for 2024-25 to help colleges provide the additional support which is necessary for learners with ALN to succeed on their chosen programmes of study. In line with 2023-24, for 2024-25 £0.7m is available within the ALN BEL to support all FE colleges to implement the ALN Act.
- 2.10.9 For 2024-25, within the Post-16 Specialist Placement BEL, we are 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. From September 2023 there is a gradual transition of duties to local authorities who are responsible for making decisions and securing placements for young people (those in year 11 in school years 2022/23 and year 11&12 in school year 2023/24) with ALN in independent specialist post-16 institutions. The Welsh Government continues to be responsible for making decisions regarding funding placements for young people currently in Year 13 up to 25 years old who require access to specialist provision. Funding will transfer to LAs in September 2025.
- 2.10.10 The evaluation will explore views from across the system on the efficacy of funding allocations for ALN. This will include an exploration of how perceived or actual funding constraints are impacting on the successful implementation of the ALN system.

## **2.11 Estyn**

### ***Details of Estyn's core budget allocation for 2024-25 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 £16.343m for 2024-25, consisting of fiscal resource (£15.893m), non-fiscal resource (£0.2m) and capital (£0.25m).
- 2.11.2 For revenue, this includes £4.87m that transferred from the Education and Welsh Language MEG as part of Final Budget 2023-24. This funding was to enable Estyn to carry out an increased rate of inspections to complete the current cycle, following the suspension of inspections from March 2020 to February 2022. The funding was also meant to support the development of more regular inspection activity from September 2024; and to support the consolidation of pay awards for prior years. Whilst we have protected Estyn's budget it has not been possible to meet inflationary pressures for 2024-25 and we will work with Estyn closely to manage these impacts.

## **2.12 Qualifications**

### ***Details of funding allocated to Qualifications Wales in 2024-25 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' budget for 2024-25 is being maintained at the same level as 2023-24, with a total budget of £10.507m (fiscal resource of £10.007m, non-fiscal resource of £0.25m and capital of £0.25m).
- 2.12.2 This annual grant includes funding for the ongoing reform of 14-16 qualifications led by Qualifications Wales. This work will see the development of a new suite of qualifications available to learners (14-16 yrs old), including GCSEs, to ensure these are reflective of and aligned to the Curriculum for Wales.

## **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](#), set out our plan for 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 As part of our grant amalgamation proposals for pre-16 education grants, funding that supports schools and LAs with the objectives of Cymraeg 2050 will be consolidated into the Cymraeg 2050 strand of the LAEG. This element of funding will be crucial to the delivery of the forthcoming Welsh Language Education Bill. The Cymraeg 2050 (LAEG) BEL will provide total funding of £9.77m through the LAEG, including funding for the Welsh in Education Grant (School Improvement Grant BEL), Professional Learning (Teacher Development and Support BEL), late immersion provision (Welsh in Education) and Siarter Iaith (Welsh Language BEL).
- 2.13.3 All local authorities in Wales implemented their 10-year WESPs in September 2022 and have submitted their annual WESP review reports in July 2023 outlining progress made against their targets within the first year of their Plans. The WESP annual review reports have been assessed and feedback has been provided to each local authority. Whilst the increase in the number and percentage of learners varies across Wales, the first annual review reports show us that decisive action has been taken by the majority of local authorities to lay firm foundations for progress during the lifespan of the WESPs.
- 2.13.4 The Education Infrastructure BEL of the MEG continues to provide 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. This was 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. In October 2022, £7.1m funding was approved to support a number of Welsh-medium capital projects previously on the reserve list from the second tranche of funding. Following a further review in July 2023, additional funding of £14.5m was agreed in principle, subject to approval of a business case. These projects will make a substantial contribution to Welsh-medium education across Wales. The total investment since 2018 stands at just under £129m.

2.13.5 Late immersion continues to play an important part in our work to increase the percentage of learners who attend Welsh-medium education. Funding of £2.2m has been maintained as noted will transfer from the Welsh in Education BEL to the Cymraeg 2050 strand of the LAEG.

2.13.6 In 2024-25, we will continue to provide funding of £3m to Mudiad Meithrin to expand and strengthen this provision. Funding will also continue to enable them to run the Sefydlu 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.

***Information on funding allocated for enhancing the Welsh in education workforce.***

2.13.7 Funding is available within the Teacher Development and Support BEL to support the implementation of our 10-year [Welsh in Education Workforce Plan](#). The total funding available in 2024-25 is £8.15m with a further £2.57m transferred into the new Cymraeg 2050 (LAEG) BEL.

2.13.8 Approximately £4.3m will be prioritised to support the aims of the plan and will be mainly targeted at increasing the number of Welsh-medium teachers. Funding will be prioritised for the following activities:

- Continuation of the primary to secondary conversion programme.
- Continuation of the grants to schools to develop innovative solutions to addressing teacher shortages.
- Funding to support the viability of Welsh A Level provision in schools and FE Colleges.
- The second year of the teacher retention bursary.
- Funding for CYDAG to support collaboration across Welsh-medium schools in a number of policy areas.

2.13.9 The Coleg Cymraeg Cenedlaethol will continue to allocate £0.150m from their grant (Welsh in Education BEL) in 2024-25 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.

2.13.10 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. This is funded from the ITE budget within the Teacher Development and Support BEL (section 2.4 refers).

2.13.11 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 our partners 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.

2.13.12 Approximately £3.8m will be allocated within the Teacher Development and Support BEL in 2024-25 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. This has increased for 2024-25 to account for the higher cost of paying for supply cover to enable practitioners to engage with the courses.

2.13.13 Funding allocated to the National Centre for Learning Welsh also delivers 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](#). During 2024-25 the Centre will be developing new bespoke provision to meet the needs of the sector. For example, a pilot course for secondary teachers in English-medium schools with some Welsh will be developed to be delivered flexibly and a short on-line confidence / 'gloywi' course for those teaching in a range of settings. £0.5m will be allocated from the Teacher Development and Support BEL in 2024-25 to support this work.

2.13.14 In addition to the Sabbatical Scheme and provision via the National Centre, a total of £2.57m will be allocated to LAs as part of the amalgamated Cymraeg 2050 strand of the LAEG in 2024-25 to support the delivery of support for the teaching of Welsh and through the medium of Welsh. The funding is used collaboratively to support the development of national professional learning resources and provision for example to support practitioners who have completed the sabbatical scheme courses to use their new skills back at school; to support teaching assistants to model language patterns with learners and to support headteachers to plan strategically for the development of Welsh in their schools.

2.13.15 In addition, £4.5m is currently allocated to LAs as part of the Welsh in Education Grant (WEG), which was re-established in 2023-24 following discussions with local authorities. With 30% match funding from LAs the total value of the WEG is £5.85m. The WEG supports the delivery of local authority Welsh in Education Strategic Plans in three key areas:

- support for latecomer and late immersion centres;
- support for linguistic progression and for Welsh-medium and bilingual schools, and
- support the development of Welsh in English-medium schools.

2.13.16 The WEG will continue in 2024-25, with funding transferring from the School Improvement Grant BEL and will also be allocated as part of an amalgamated Cymraeg 2050 element of the LAEG to LAs.

## **2.14 Early years education and childcare**

### ***Whether the funding arrangements in place in previous years to support the harmonisation of funding rates in early years education and childcare continued in 2023-24 and are continuing in 2024-25***

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 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 and Welsh Language MEG) was provided in grants to LAs 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. Support has continued in 2023-24.

2.14.3 Our intention is that this support will continue to be provided in 2024-25. In total £5.268m is provided to continue this support, which as part of our grant amalgamation plans will transfer to the School Standards element (School Standards BEL) of the LAEG. 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).***

2.14.4 Early years was identified as a priority group during the pandemic and continues to be. Significant additional resources were provided to support well-being, physical and learning needs. The RRRS budget continues to support the early years cohort in 2023-24 including £3.75m for non-maintained settings. For 2024-25 funding the RRRS will be amalgamated into the LAEG and settings will benefit from continued funding through this new funding mechanism.

2.14.5 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 2023-24 financial support of £375k will have been 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 for Wales implementation in 2024-25. Particularly ensuring we embed foundation learning pedagogy and practices to continue to improve provision.

## **2.15 Youth work**

***Details of how the 2024-25 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 over a three-year period from 2022-23 to 2024-25, the Youth Engagement and Employment BEL indicative baseline increased to £12.376m in 2024-25 (an increase of £4.92m when compared to 2021-22). In line with previous years, a further transfer of £3.7m to support Youth Homelessness is expected from the Climate Change MEG in a supplementary budget 2024-25 to bring the total budget to £16.076m in 2024-25.

2.15.2 As part of the cross-government rescoping exercise (paragraph 1.1.3 refers), savings of £1m have been identified for 2024-25, resulting in a revised allocation of £15.076m (once the £3.7m transfer from Climate Change MEG is actioned). This saving reflects the activities

planned to develop and take forward the Interim Youth Work Board's recommendations aimed at developing a sustainable delivery model for youth work in Wales.

- 2.15.3 This revised allocation will protect funding for 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.
- 2.15.4 Partnership approaches continue to be a central tenet of these programmes. As a continuation of further funding provided in 2023-24, additional funding has once again been allocated to the Youth Support Grant for 2024-25. This will 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.
- 2.15.5 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 2024-25 Education and Welsh Language MEG supports the Youth Work Strategy for Wales and the work of the Implementation Board.***

- 2.15.6 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 activities to take forward specific recommendations made by the Interim Youth Work Board as well as continued engagement with the youth work sector, stakeholders and young people to inform this work.

**2.16 Offender Learning**

***Information on budget provision in 2024-25 and any changes to how this will be spent compared to previous years.***

- 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 prisons through a joint Memorandum of Understanding (MOU) with His 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 2024-25, which is consistent with funding for 2022-23 and 2023-24. 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 HMP Berwyn in North Wales.



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

***Details of the complete 2023-24 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 G**. 2022/23 saw the largest increase in core provision and support in many years and this was followed by further increases in 2023/24. Between 2019/20 and 2023/24 the FE mainstream budget increased by 29.26%.

***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 2024-25 (financial year) sixth form and 2024/25 (academic year) FE college allocations are not available. Hypothecated funding for Mental Health, Professional Learning Fund, Employment Bureau, ALS funding, FCF, Learner Recovery and SEREN are anticipated to continue in 2024-25.

***Details of any funding provided in the 2024-25 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 2023/24 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 2023/24 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. Additional funding of £6.662m was provided in 2023-24 to ensure the pay award was fully funded.

2.17.4 Whilst the 2024/25 FE and 2024-25 sixth form allocations will not be available until the end of January, with pay negotiations starting later in 2024, it is likely that a similar approach will be taken. The Welsh Government will provide a unit rate increase from which FE and sixth forms will need to manage the final pay award. This will be managed from within the final published budget with no funding provided specifically for pay parity.

### ***The allocation for Adult Community Learning***

2.17.5 At the time of writing, details of the 2024-25 adult community learning allocations are not available. Final allocations will be published before the end of January 2024.

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

2.17.6 The 2022/23 programme values were provided to the Committee as part of last year's evidence paper (see Annex H). The 2023/24 programme values have been published within the [Programme Directory 2023/24](#). At the time of writing, details of the 2024/25 programme values are not available.

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

***Details of the Commission for Tertiary Education and Research (CTER) 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 As the Commission becomes operational in 2024-25 it will inherit financial decisions taken by the Welsh Government on the core funding of Further Education and recommendations made by HEFCW on funding for Higher Education.
- 2.18.2 Funding lines for higher and further education that originated in Education budgets which have been earmarked to transfer over to CTER are clearly identifiable on the face of the Draft Budget 2024-25 with '(CTER)' added at the end of the budget description. Further in year adjustments during 2024-25 will be made from Education and other Ministerial portfolios to cover the full remit of responsibilities for the commission. The full extent of in year transfers will be made available in 2024-25 Supplementary budgets.
- 2.18.3 Specific funding allocations, including any details of hypothecated funding, will follow in the Commission's funding letter.

***Details of any 2024-25 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.***

- 2.18.4 As noted above the any details of hypothecated funding for the new Commission, including for degree apprenticeships, will be outlined in the Commission's funding letter. It is not possible to confirm the allocation at this stage.

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

- 2.18.5 As noted above, budgets lines for higher and further education which have been earmarked to transfer over to CTER are clearly identifiable on the face of the Draft Budget 2024-25 with '(CTER)' added at the end of the budget description. Further in year adjustments will be made from Education and other Ministerial portfolios to cover the full remit of responsibilities for the commission. The full extent of in year transfers will be made available in 2024-25 Supplementary budgets.
- 2.18.6 Specific funding allocations, including any details of hypothecated funding, will follow in the Commission's funding letter.

***Details of any contingencies / reserves / non-allocated funds within any of the 2024-25 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 2023-24.***

- 2.18.7 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 with the accuracy of forecasts only improving once actual student numbers are known. 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 of £63.5m for 2024-25 (including £9.6m for Post Graduate grants). Despite this reduction there is no impact on financial grant support to eligible Welsh domiciled undergraduate students which remains unchanged. As a result, there is no contingency within this budget and there is a risk of potential overspend if outturn varies from current trends.

***Grants: A table showing the 2022-23 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)).***

2.18.8 This information has been provided for in **Annex H**.

***Loans provision: A table showing the 2022-23 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.***

2.18.9 This information has also been provided at **Annex H**.

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

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

2.19.1 As a result of the reprioritisation exercise to reserves, Personal Learning Accounts (PLA) funding within the Post-16 Provision (CTER) BEL has reduced by £7.2m for 2024-25. To ensure the FE sector has the maximum flexibility to manage this reduction, officials are proposing that PLA activity is mainstreamed and prioritised within FE part-time provision. Absorbing this level of funding into mainstream part-time to ensure continued delivery in priority areas via PLA will, however, affect and reduce other forms of part-time provision currently delivered across Wales.

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

2.19.2 In 2023-24, 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.

2.19.3 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.

- 2.19.4 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 the budget for 2023-24, an additional £4.5m was allocated as part of the Co-operation Agreement, with £2.825m provided to the Coleg and £1.675 to the National Centre.
- 2.19.5 The additional allocation to the Coleg in 2023-24 is funding a programme of development grants to colleges and apprenticeship providers to develop capacity and provision in priority sectors, including childcare, health and social care, sports and leisure, and agriculture. In addition, the funding is supporting two specific projects to develop the confidence of students who are able to teach through Welsh, and to attract students back to Wales to teach through the medium of Welsh.
- 2.19.6 The Co-operation Agreement funding is being maintained at £4.5m in this budget, with £2.825m provided to the Coleg and £1.675 to the National Centre. Maintaining the budget at 2023-24 levels will enable us to reprioritise the £3.5m originally earmarked for year 3 of the Co-operation Agreement; thereby limiting the impact of budget reductions across Welsh Language BELs.
- 2.19.7 Reprioritising funding in this way will allow us to protect core services that support our ambitions for Cymraeg 2050. In particular, we will be able to maintain funding linked to the Welsh Education Bill, Mudiad Meithrin and the Welsh in Education budget to support Welsh language delivery.
- 2.19.8 However, reprioritising funding may lead to the Coleg having to withdraw from commitments made to FE Colleges and Apprenticeship providers. It may also result in a reduction in the numbers learning Welsh. We will work with the Coleg and the National Centre to explore options to mitigate the impact of this approach and support action to maintain Welsh-medium provision in priority sectors as well the provision of free courses for 16-25 year olds and the education workforce.

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

- 2.19.9 The draft budget allocation for Taith (which also includes funding for the Global Wales programme) for 2024-25 is £6.5m, which is a reduction of £1.6m (19.75%) from 2023-24 allocation of £8.1m. In my [October statement](#), I provided an update on the International Learning Exchange Programme (Taith) outlining governance changes, a new open stakeholder engagement structure, along with a refreshed programme strategy. Combined, these developments provide a robust framework to ensure that the programme has a renewed focus on supporting projects that provide the greatest impact and continues to facilitate innovative and life-changing educational exchanges whilst providing targeted support for individuals with barriers to participation in international exchange.

## **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 The Young Persons Guarantee is the umbrella structure, which sits above all programmes for young people, aiming to create a simple journey for young people regardless of their circumstances and background.
- 2.20.2 The total quantum of funding intended to be deployed on delivering the Young Persons Guarantee in 2024/25 could reach, given there are some demand-led programmes, circa £1bn across both the Education, Social Justice and Welsh Language and Economy MEGs, but it should also be noted some programmes are available to all-ages and some of the programmes are funded over academic years rather than financial years.
- 2.20.3 A cross- WG official-level Programme Board meets to scrutinise the effective policy direction and allocation of resources – escalating relevant matters to Ministers as appropriate. An external Stakeholder Advisory Group also forms part of the scrutiny and advice process, alongside a newly established Young Person’s Advisory Board.

## **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 The Sustainable Communities for Learning – Band A was designed to improve schools and colleges in poor condition, reduce surplus capacity and improve standards through the provision of an environment that is able to deliver a 21st century curriculum. The first wave of investment started in 2014 and is now complete, with a total Welsh Government funding contribution of £805m, across a total of 178 individual projects with a total investment of £1.61bn including delivery partner contributions.
- 2.21.2 Sustainable Communities for Learning - Band B continues capital investment across the education estate, building new Net Zero Carbon schools and colleges, improving schools and colleges in poor condition, and ensuring sustainable provision of 21st century curriculum environments for learning. It commenced in 2019 and delivery of the programme is well underway with 23 projects complete, 34 under construction, 12 in mobilisation, 36 going through the business case process and 91 in the pipeline. Funding for projects delivered as part of the SCfL Programme is subject to the successful completion of the business case process.
- 2.21.3 The wider SCFL programme is anticipating full budget allocation spend of £314m in 2023-24, after a £40m reduction in budget following the in-year reprioritisation exercise, in readiness for a proposed capital to revenue transfer. Through the SCfL Programme, a total of £971.4m has been invested by Welsh Government since 2019-20.
- 2.21.4 The programme has provided essential funding for delivery partners in policy priority areas including Additional Learning Needs (£40m across 2022-23 -2023-24), Community Hubs Capital Grants (£22m in 2022-23), an ongoing ICT investment programme (£10m in 2022-23 and 2023-24), Universal Primary Free School Meals (£35m in 2022-23) and Welsh Medium Capital Grants (£5.5m in 2022-23).

2.21.5 The budget provision for the SCfL Programme is funded from the Education Infrastructure BEL, with the budget standing at £343.4m for 2024-25. As outlined at paragraph 1.1.6, this includes the £10m reduction as a result of the reprioritisation of funding to reserves.

***An updated assessment of 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.***

2.21.6 The Programme has seen significant cost increases over the last three years, in the region of 25% over that period. The consequences of exiting the EU, Covid-19 as well as the increases in energy costs has had a detrimental impact on the Programme and the construction sector as a whole. Whilst the SCfL Programme had secured a healthy budget increase (33% above the 2021/22 Programme baseline budget), to deliver more new schools and colleges, the significant levels of inflation we have witnessed recently have all but wiped this out. The budget increase from 2022/23 has cushioned the impact of inflation meaning that projects which were already in the pipeline could continue to be progressed. However, the medium to long-term effect of inflation means that the ambition to accelerate delivery of new schools and colleges has been impacted. Over time, with inflation remaining moderately high, increased construction costs do mean that the Education Estate in Wales is building and refurbishing less schools and colleges for the same level of funding.

2.21.7 It should be noted that affordability of delivery partner contribution, be it local authority, diocesan authority or college is also becoming increasingly challenging due to these increases.

2.21.8 The Programme delivers energy efficient new-build solutions and is also an enabler for energy efficiency gains through major refurbishment projects - thus reducing the revenue burden for local authorities and further education institutions.

2.21.9 Whilst it is recognised that not all of the Education Estate is touched by the SCfL Programme, officials are putting in place measures to assist local authorities and further education institutions to address this through their existing capital maintenance programmes. Officials have procured a £2m Elemental Building Condition and Energy Assessment Survey for every state funded school and college in Wales which commenced last month. Data from the Surveys will be used to develop a Net Zero Carbon Route Map for each school and college which will, over time, contribute towards more thermally efficient buildings, reduced carbon emissions, lower energy consumption and lower utility costs for schools and colleges.

***The financial implications from the Welsh Government's carbon net zero policies and how this affects the 2024-25 draft budget.***

2.21.10 From 1 January 2022, the SCfL Programme mandated that all projects that had not secured approval at OBC stage are required to be delivered as Net Zero Carbon in Operation with a 20% reduction in embodied carbon; that is the carbon emitted through construction materials and the construction process. The SCfL Programme currently commits to fund 100% of the additional (BREEAM Excellent baseline) cost. This element equates to approximately 12.5% of construction costs.

2.21.11 As noted above, to assist local authorities and further education institutions in working towards the 2030 Net Zero Carbon Public Sector Commitment, the SCfL team have procured an estate-wide building elemental condition and carbon survey.

2.21.12 The programme has commenced and will conclude by March 2025. Upon completion, all state funded schools and colleges will have an elemental building condition and carbon survey along with a route map to Net Zero Carbon. Route Maps will follow the UK Green Buildings Council's 'Fabric first' approach towards achieving Net Zero Carbon buildings i.e. to insulate and reduce energy demand - which includes replacing sub-optimal elemental building components (windows, roofs, heating and lighting systems etc.). The findings from these surveys are likely to highlight the need for additional capital funding in order to meet the WG decarbonisation commitments. However, the Net Zero Carbon Route Maps will provide local authorities and further education institutions with a valuable tool for targeting investment through their capital maintenance programmes towards the areas of work which will offer the greatest saving in energy consumption and revenue utility costs.

2.21.13 I launched the Sustainable Schools Challenge back in September 2022 inviting applications from local authorities that could demonstrate innovative and collaborative design, development, delivery, and management of a primary school that would make a positive contribution to the environment and surrounding landscape. In March 2023 I announced funding for three new sustainable schools – a capital investment of £44.7m for all three projects.

2.21.14 These projects, Ysgol Gynradd Gymraeg Rhosafan, Neath Port Talbot, a new school serving the Glyn-coch community in Rhondda Cynnon Taff and Ysgol Bontnewydd, in Gwynedd will push the boundaries on all aspects of sustainability through innovation and collaboration and provide useful case studies to inform the wider programme. Community and Pupil and community engagement at all stages is a requirement for these projects, linking to the curriculum in innovative ways through digital and physical methods. All three new school projects are planned for completion by September 2025.

## **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 Childcare and Early Years Capital Programme was implemented in October 2022 and is available for the next three years until March 2025 with a total budget allocation of £70m. The programme supports both Flying Start and the Childcare Offer and aims to improve and grow new and existing childcare provisions across Wales. The budget is split into two distinct funding streams: small grants funding and major capital funding. Small grants funding of £10m per annum is available for all CIW registered childcare and play providers which is accessible via their local authority administration process. The small grants element is used to support projects and items up to the value of £20,000 and the ceiling amount is based on the number of CIW childcare places within the provision. A budget of £15m per annum is available for major capital projects for proposals over £20,000 and ranges from small refurbishment works through to the introduction of extensions and standalone buildings for childcare provisions.

## **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 We have reviewed the investment impact of the 2022-23 £20m capital for Community Focused Schools grant through a series of workshops with local authority stakeholders which has been used to inform future waves of investment. This collaborative approach has enabled officials to develop a more strategic investment programme of £40m capital funding over the current and next financial years to continue supporting schools to adjust their premises to facilitate wider community use.

2.23.2 In order to ensure that funding was targeted both strategically and geographically, for the greatest impact, funding was subdivided between those projects of less than £0.5m and those over £0.5m. Earlier this year I approved support for those projects of £0.5m or below, with funding totalling £28.2m, which will be delivered over the next two years. Projects over £0.5m are subject to a case-by-case business case approval and budget availability.

**Summary**

The Education and Welsh Language MEG Draft Budget for 2024-25 is presented to the Committee for consideration.

**Jeremy Miles MS**  
**Minister for Education and Welsh Language**

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**ANNEX A - EWL MEG breakdown by Action and BEL for 2024-25, 2023-24 forecast outturn and 2022-23 final outturns**

**Resource**

Action	BEL Description	2022-23 Final Outturn	2023-24 Final Budget (Feb 2023)	2023-24 1st Supplementary Budget (June 2023)	2023-24 Forecast Outturn (Period 7)	2024-25 Indicative (Final Budget 2023-24 - Feb 2023)	2024-25 Reprioritised Funding	2024-24 Grant Amalgamation	2024-25 Other Changes	2024-25 Draft Budget (Dec 2023)
		£000s								
Literacy and Numeracy	Literacy & Numeracy	5,148	0	0	0	0	0	0	0	0
<b>Total Literacy and Numeracy</b>		<b>5,148</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>
Curriculum	Curriculum & Assessment	13,971	36,464	36,854	36,680	32,624	-2,400	-16,246	462	14,440
	Curriculum Reform	18,193	0	0	0	0	0	0	0	0
<b>Total Curriculum</b>		<b>32,164</b>	<b>36,464</b>	<b>36,854</b>	<b>36,680</b>	<b>32,624</b>	<b>-2,400</b>	<b>-16,246</b>	<b>462</b>	<b>14,440</b>
Teaching and Leadership	Teacher Development and Support	87,642	54,234	75,825	74,704	56,234	-2,306	-23,945	0	29,983
	Teacher Development and Support - Non-Cash	0	0	0	0	0	0	0	400	400
<b>Total Teaching and Leadership</b>		<b>87,642</b>	<b>54,234</b>	<b>75,825</b>	<b>74,704</b>	<b>56,234</b>	<b>-2,306</b>	<b>-23,945</b>	<b>400</b>	<b>30,383</b>
Pre-16 Education LA Support	Education Reform (LAEG)	0	0	0	0	0	0	54,353	0	54,353
	School Standards (LAEG)	0	0	0	0	0	0	159,885	0	159,885
	Equity in Education (LAEG)	0	0	0	0	0	0	155,000	0	155,000
	Cymraeg 2050 (LAEG)	0	0	0	0	0	0	9,770	0	9,770
<b>Total Pre-16 Education LA Support</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>379,008</b>	<b>0</b>	<b>379,008</b>
Qualifications	Qualifications Wales	9,177	10,007	9,928	10,018	10,007	0	0	0	10,007
	Qualifications Wales - Non-Cash	298	250	344	344	250	0	0	0	250
<b>Total Qualifications</b>		<b>9,475</b>	<b>10,257</b>	<b>10,272</b>	<b>10,362</b>	<b>10,257</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,257</b>
Post-16 Education	Post -16 Provision (CTER)	579,045	576,013	583,951	575,353	578,813	-12,928	0	0	565,885
	International Learning Exchange Programme	6,847	8,100	8,100	11,100	8,100	-1,600	0	0	6,500

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Action	BEL Description	2022-23 Final Outturn	2023-24 Final Budget (Feb 2023)	2023-24 1st Supplementary Budget (June 2023)	2023-24 Forecast Outturn (Period 7)	2024-25 Indicative (Final Budget 2023-24 - Feb 2023)	2024-25 Reprioritised Funding	2024-24 Grant Amalgamation	2024-25 Other Changes	2024-25 Draft Budget (Dec 2023)
		£000s								
	PCET Reform Commission for Tertiary Education and Research (CTER)	1,603	6,000	6,000	4,800	6,000	0	0	0	6,000
	PCET Reform – Non-Cash Commission for Tertiary Education and Research (CTER) - Non Cash	0	650	650	302	650	0	0	78	728
<b>Total Post-16 Education</b>		<b>587,495</b>	<b>590,763</b>	<b>598,701</b>	<b>591,555</b>	<b>593,563</b>	<b>-14,528</b>	<b>0</b>	<b>78</b>	<b>579,113</b>
<b>Higher Education</b>	HEFCW-Programme Expenditure (CTER)	209,094	198,556	205,230	203,908	198,556	-11,000	0	0	187,556
	HEFCW-Programme Expenditure - Non-Cash	41	100	100	100	100	0	0	0	100
<b>Total Higher Education</b>		<b>209,135</b>	<b>198,656</b>	<b>205,330</b>	<b>204,008</b>	<b>198,656</b>	<b>-11,000</b>	<b>0</b>	<b>0</b>	<b>187,656</b>
<b>Education Standards</b>	School Improvement Grant	171,733	168,659	168,197	165,614	159,659	0	-159,197	-462	0
	Raising School Standards	-1,171	0	0	0	0	0	0	0	0
	School Standards Support	1,377	2,396	2,468	3,210	3,126	0	0	0	3,126
<b>Total Education Standards</b>		<b>171,939</b>	<b>171,055</b>	<b>170,665</b>	<b>168,824</b>	<b>162,785</b>	<b>0</b>	<b>-159,197</b>	<b>-462</b>	<b>3,126</b>
<b>Tackling Barriers to Attainment</b>	Tackling Barriers to Attainment	149,505	142,480	142,480	142,270	142,480	-500	-127,825	-270	13,885
<b>Total Tackling Barriers to Attainment</b>		<b>149,505</b>	<b>142,480</b>	<b>142,480</b>	<b>142,270</b>	<b>142,480</b>	<b>-500</b>	<b>-127,825</b>	<b>-270</b>	<b>13,885</b>
<b>ICT &amp; Information Management Systems</b>	Supporting Digital Learning in Education	3,743	3,929	3,929	3,874	3,929	0	0	0	3,929
	Supporting Digital Learning in Education - Non-Cash	2,487	2,488	2,488	2,488	2,488	0	0	0	2,488
<b>Total ICT &amp; Information Management Systems</b>		<b>6,230</b>	<b>6,417</b>	<b>6,417</b>	<b>6,362</b>	<b>6,417</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,417</b>
<b>Wellbeing of children and young people</b>	Additional Learning Needs	18,999	25,591	24,484	24,381	25,591	0	-22,000	0	3,591
	Food & Nutrition in Schools	58,277	78,915	78,915	74,662	98,915	-1,000	0	3,500	101,415
	Post 16 Specialist Placements	14,019	13,881	13,881	14,804	13,881	0	0	0	13,881
	Whole School Approach to Wellbeing	4,253	5,400	5,400	4,113	6,600	0	-4,750	0	1,850



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Action	BEL Description	2022-23 Final Outturn	2023-24 Final Budget (Feb 2023)	2023-24 1st Supplementary Budget (June 2023)	2023-24 Forecast Outturn (Period 7)	2024-25 Indicative (Final Budget 2023-24 - Feb 2023)	2024-25 Reprioritised Funding	2024-24 Grant Amalgamation	2024-25 Other Changes	2024-25 Draft Budget (Dec 2023)
		£000s								
	Vulnerable Groups	672	1,150	1,150	841	1,150	0	-500	270	920
<b>Total Wellbeing of children and young people</b>		<b>96,220</b>	<b>124,937</b>	<b>123,830</b>	<b>118,801</b>	<b>146,137</b>	<b>-1,000</b>	<b>-27,250</b>	<b>3,770</b>	<b>121,657</b>
Post-16 learner support	Student Support Grants	310,426	346,895	346,895	295,803	345,895	-63,533	0	0	282,362
	SLC/HMRC Administration Costs	21,468	14,643	14,643	19,750	18,143	0	0	0	18,143
	Student Loans Resource Budget Provision	-165,355	488,010	488,010	488,010	514,341	0	0	0	514,341
	Targeted Student Support Awards	-316	0	0	0	0	0	0	0	0
<b>Total Post-16 learner support</b>		<b>166,223</b>	<b>849,548</b>	<b>849,548</b>	<b>803,563</b>	<b>878,379</b>	<b>-63,533</b>	<b>0</b>	<b>0</b>	<b>814,846</b>
Pupil Engagement	Tackling Disaffection	5,963	7,905	5,381	5,006	7,905	0	-4,200	0	3,705
	Community Schools	1,129	5,100	7,600	7,646	15,920	0	-15,545	0	375
<b>Total Pupil Engagement</b>		<b>7,092</b>	<b>13,005</b>	<b>12,981</b>	<b>12,652</b>	<b>23,825</b>	<b>0</b>	<b>-19,745</b>	<b>0</b>	<b>4,080</b>
Youth Engagement & Employment	Offender Learning	7,303	7,328	7,328	7,328	7,328	0	0	0	7,328
	Youth Engagement & Employment	12,181	11,956	15,656	14,619	12,376	-1,000	0	0	11,376
<b>Total Youth Engagement &amp; Employment</b>		<b>19,484</b>	<b>19,284</b>	<b>22,984</b>	<b>21,947</b>	<b>19,704</b>	<b>-1,000</b>	<b>0</b>	<b>0</b>	<b>18,704</b>
Delivery Support	Education Communications	378	413	413	482	413	0	0	0	413
	International Education Programme	591	574	574	542	574	-50	0	0	524
<b>Total Delivery Support</b>		<b>969</b>	<b>987</b>	<b>987</b>	<b>1,024</b>	<b>987</b>	<b>-50</b>	<b>0</b>	<b>0</b>	<b>937</b>
Welsh in Education	Welsh in Education	17,713	20,775	19,030	18,830	24,275	-3,500	-2,200	-1,675	16,900
<b>Total Welsh in Education</b>		<b>17,713</b>	<b>20,775</b>	<b>19,030</b>	<b>18,830</b>	<b>24,275</b>	<b>-3,500</b>	<b>-2,200</b>	<b>-1,675</b>	<b>16,900</b>
Welsh Language	Welsh Language	23,716	22,404	24,149	26,236	22,404	0	-500	1,675	23,579
	Welsh Language Commissioner	3,101	3,357	3,282	3,282	3,357	-168	0	0	3,189
	Welsh Language Commissioner - Non-Cash	165	169	245	245	121	0	0	0	121
<b>Total Welsh Language</b>		<b>26,982</b>	<b>25,930</b>	<b>27,676</b>	<b>29,763</b>	<b>25,882</b>	<b>-168</b>	<b>-500</b>	<b>1,675</b>	<b>26,889</b>

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		£000s								
Estate & IT Provision	Education Infrastructure	2,206	5,000	5,000	2,259	10,000	-3,000	-2,100	4,000	8,900
Total Estate & IT Provision		2,206	5,000	5,000	2,259	10,000	-3,000	-2,100	4,000	8,900
EDUCATION - TOTAL RESOURCE BUDGET		1,595,622	2,269,792	2,308,580	2,243,604	2,332,205	-102,985	0	7,978	2,237,198

Capital

Action	BEL Description	2022-23 Final Outturn	2023-24 Final Budget (Feb 2023)	2023-24 1st Supplementary Budget (June 2023)	2023-24 Forecast Outturn (Period 7)	2024-25 Indicative (Final Budget 2023-24 - Feb 2023)	2024-25 Reprioritised Funding	2024-25 Other Changes	2024-25 Draft Budget (Dec 2023)
		£000s							
Estate & IT Provision	Education Infrastructure	347,181	354,400	354,400	310,480	353,400	-10,000	0	343,400
Total Estate & IT Provision		347,181	354,400	354,400	310,480	353,400	-10,000	0	343,400
Post-16 Learner Support	SLC/HMRC Administration Costs	3,748	2,500	2,500	5,267	2,500	0	0	2,500
Total Post-16 learner support		3,748	2,500	2,500	5,267	2,500	0	0	2,500
Higher Education	HEFCW-Programme Expenditure	6	100	100	100	100	0	0	100
Total Higher Education		6	100	100	100	100	0	0	100
Post-16 Education	Post -16 Provision	-2	0	0	0	0	0	0	0
	Post Compulsory Educ.& Training Reform	0	0	0	2,385		0	0	0
Total Post-16 Education		-2	0	0	2,385	0	0	0	0
Qualifications	Qualifications Wales	275	250	250	250	250	0	0	250
Total Qualifications		275	250	250	250	250	0	0	250
Welsh Language	Welsh Language Commissioner	242	50	50	50	50	0	0	50
Total Welsh Language		242	50	50	50	50	0	0	50

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<b>EDUCATION - TOTAL GENERAL CAPITAL BUDGET</b>		<b>351,450</b>	<b>357,300</b>	<b>357,300</b>	<b>318,532</b>	<b>356,300</b>	<b>-10,000</b>	<b>0</b>	<b>346,300</b>
<b>Estate &amp; IT Provision</b>	Education Infrastructure - FT	3,178	15,557	15,557	20,000	0	0	2,788	2,788
	Education Infrastructure - Repayment	-657	-671	-671	-671	-686	0	0	-686
<b>Total Estate &amp; IT Provision</b>		<b>2,521</b>	<b>14,886</b>	<b>14,886</b>	<b>19,329</b>	<b>-686</b>	<b>0</b>	<b>2,788</b>	<b>2,102</b>
<b>EDUCATION - TOTAL FT CAPITAL BUDGET</b>		<b>2,521</b>	<b>14,886</b>	<b>14,886</b>	<b>19,329</b>	<b>-686</b>	<b>0</b>	<b>2,788</b>	<b>2,102</b>
<b>EDUCATION - TOTAL CAPITAL BUDGET</b>		<b>353,971</b>	<b>372,186</b>	<b>372,186</b>	<b>337,861</b>	<b>355,614</b>	<b>-10,000</b>	<b>2,788</b>	<b>348,402</b>

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

### **Resource**

#### ***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, Literacy & Numeracy, and also funding to support developments in terms of assessment.
- There has been a net decrease in the Curriculum & Assessment BEL of £18.2m in 2024-25 comprising:
  - £2.4m reduction as part of the reprioritisation exercise. These reductions in funding have been achieved by limiting planned activity in relation to Modern foreign Languages (£0.1m), Early Learning (£0.06m) and Curriculum Reform (£1.61m), and reducing funding for Techniquest & Xplore! (£0.13m) and the National Music Service (£0.5m);
  - £16.246m has been transferred to the new consolidated grants as part of the grant amalgamation exercise:
    - £10.978m for the Curriculum Reform Schools Grant to the Education Reform (LAEG) BEL; and
    - £5.268m for the Foundation Nursery Grant to the School Standards (LAEG) BEL.
  - £0.462m BEL to BEL transfer from the School Improvement Grant BEL for Regional Consortia Support for Languages.

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

##### **Teacher Development & Support BEL**

- There has been a net decrease in the Teacher development Support BEL of £25.851m in 2024-25 comprising:
  - £0.4m non-cash allocation from reserves for amortisation of intangible fixed assets relating to database development and depreciation of IT equipment relating to the Education Workforce Council;
  - £2.306m reduction as part of the reprioritisation exercise including reductions in funding to the EWC (£1.2m), Masters in Education (£0.3m), Employment Based ITE (£0.5m) and demand led ITE incentives (£0.306m);

- £23.945m has been transferred to the new consolidated grants as part of the grant amalgamation exercise:
  - £2.570m for Welsh Language Professional Learning to the Cymraeg 2050 (LAEG) BEL; and
  - £21.375m Professional Learning & Education Leadership funding to the Education Reform (LAEG) BEL.

***Pre-16 Education LA Support Action (See Section 1.3 and 2.1 of Evidence Paper)***

In order to provide local authorities and schools with more flexibility to respond to the significant challenges they face in areas such as attendance, behaviour, standards and pupil wellbeing grants have been amalgamated into the Local Authority Education Grant (LAEG) with four strands.

**Education Reform (LAEG) BEL**

- Funding totalling £54.353m has been transferred into the new consolidated grant comprising:
  - £10.978m for the Curriculum Reform Schools Grant from the Curriculum & Assessment BEL;
  - £21.375m Professional Learning & Education Leadership funding from the Teacher Development & Support BEL; and
  - £22m for ALN Implementation & Provision Grants from the Additional Learning Needs BEL.

**School Standards Grant (LAEG) BEL**

- Funding totalling £159.885m has been transferred into the new consolidated grant comprising:
  - £5.268m for the Foundation Phase Nursery Grant from the Curriculum & Assessment BEL;
  - £115.197m for the Education Improvement Grant from the School Improvement Grant BEL;
  - £28.5m for the Recruit, Recover & Raise Standards (RRRS) Programme from the School Improvement Grant BEL;
  - £0.5m through the reprioritisation of funding to support the new grant from the Virtual Schools BEL;
  - £8.32m through the reprioritisation of funding to support the new grant from the Community Schools BEL; and
  - £2.1m through the reprioritisation of funding to support the new grant from the Education Infrastructure BEL.

**Equity in Education Grant (LAEG) BEL**

- Funding totalling £155m has been transferred into the new consolidated grant comprising:
  - £11m for the Minority Ethnic Gypsy Roma Travellers (MEGRT) Grant from the School Improvement Grant BEL;

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- £127.825m for the Pupil Development Grant from the Tackling Barriers to Attainment BEL;
- £3.55m for school based counselling funding and £1.2m planned rise from the Whole School Approach to Wellbeing BEL;
- £1.7m for Home Education funding from the Tackling Disaffection BEL;
- £2.5m for Education Welfare Officer funding from the Tackling Disaffection BEL;
- £6.532m for Family Engagement Officer funding from the Community Schools BEL; and
- £0.693m for a Community Focussed Schools Manager post from the Community Schools BEL.

#### Cymraeg 2050 Grant (LAEG) BEL

- Funding totalling £9.77m has been transferred into the new consolidated grant comprising:
  - £2.57m for Welsh Language Professional Learning from the Teacher Development & Support BEL;
  - £4.5m for the Welsh in Education Grant from the School Improvement Grant BEL;
  - £0.5m of Siarter Iaith funding from the Welsh Language BEL; and
  - £2.2m of Immersion funding from the Welsh in Education 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 was increased by £0.39m in 2023-24 and is maintained in 2024-25 following the allocation from Reserves to provide an uplift for pay. Both the non-cash and capital budgets are being maintained at 2023-24 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

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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.

2.23.3 In this Budget, there is decrease of £14.528m in 2024-25 taking the budget to £579.113m.

**Post-16 provision (CTER) BEL (See Sections 2.17 and 2.19 of Evidence Paper)**

2.23.4 Reductions totalling £12.928m have been identified as part of the reprioritisation exercise. Reductions have been achieved in the following areas:

- £2m potential reclaim against part time provision targets;
- £1.845m for Complex Needs training and the Knowledge Transfer Programme;
- £1.045m reduction to fit the current needs profiles for the Period Dignity (£0.345m), FE Junior Apprenticeships (£0.1m) and Adult Learning Review (£0.6m) budgets;
- £0.838m reduction to the Seren budget; and
- £7.2m through the removal of the Personal Learning Accounts budget by mainstreaming into part time provision.

**International Learning Exchange Programme BEL (See Section 2.19 of Evidence Paper)**

2.23.5 The budget for Taith & Global Wales decreases by £1.6m in 2024-25 as part of the reprioritisation exercise.

**Commission for Tertiary Education and Research (CTER) BEL (See Section 2.8 of Evidence Paper)**

- £78k is allocated from reserves to meet the non cash requirements of the new arms-length body. The revenue budget is maintained at £6m.
- Further transfers are anticipated in a future budget to transfer further education and higher education budgets to CTER.

**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. Funding will transfer to CTER in a future budget.

**HEFCW – Programme Expenditure (CTER) BEL**

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- There is a decrease in the budget of £11m in 2024-25 reflecting reductions as a result of the reprioritisation exercise comprising:
  - £3.2m through the removal of post graduate bursaries; and
  - £7.8m reduction to HEFCW's (CTER's) non-ringfenced budget.
- The non-cash allocation to support capital investment is maintained at £0.1m in 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); 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.
- In 2024-25 pre-16 education grants will be amalgamated and funding from this BEL will be moved to new BELs for the consolidated grants as follows:
  - £11m for the Minority Ethnic Gypsy Roma Travellers (MEGRT) grant to the Equity in Education (LAEG) BEL;
  - £4.5m for the Welsh in Education Grant to the Cymraeg 2050 (LAEG) BEL; and
  - £115.197m for the Education Improvement Grant and £28.5m for the Recruit, Recover & Raise Standards (RRRS) programme to the School Standards (LAEG) BEL.
- £0.462m BEL to BEL transfer for Regional Consortia Support for Languages to the Curriculum and Assessment BEL.

**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. The budget also supports participation of Wales in PISA. In previous year's this budget has provided additional funding for Estyn.
- The budget remains at £3.126m for 2024-25.

***Tackling Barriers to Attainment Action***



**Tackling Barriers to Attainment BEL (See Section 2.3 of Evidence Paper)**

- The budget for the Tackling Barriers to Attainment BEL decreases by £128.595m in 2024-25 comprising:
  - £0.5m reduction as part of the reprioritisation exercise from the demand led School Essentials Grant, based on reduced eFSM numbers in the revised PLASC 2023 data. There will be no change to overall funding being provided to eligible pupils (£125 per learner or £200 for those entering year 7);
  - £127.825m for the Pupil Development Grant being transferred to the new consolidated Equity in Education (LAEG) BEL as part of the grant amalgamation exercise; and
  - £0.27m BEL to BEL transfer of funding for Service Children to the Vulnerable Groups BEL.

***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.
- Funding for Supporting Digital Learning in Education is being maintained at £6.417m in 2024-25. This is made up of £3.929m near cash and £2.488m non cash.

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

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

- £22m for ALN Implementation & Provision Grants has been transferred to the new consolidated Education Reforms (LAEG) BEL as part of the grant amalgamation exercise.

**Food & Nutrition in Schools BEL (See Section 2.3 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.
- There is a net increase of £2.5m for Food & Nutrition in Schools comprising:
  - £3.5m allocation from reserves due to the reprofiling of Co-operation Agreement funding for Universal Primary Free School Meal provision; and

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- £1m reduction as part of the reprioritisation exercise, with £0.2m reduction to the demand led School Milk budget based on current take-up levels (savings will have no impact on children accessing free (KS1) or subsidised milk (KS2)) and £0.8m relating to the Year 7 breakfast pilot which ended in July 2023.

#### Post 16 Specialist Placements BEL (See Section 2.10 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 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.
- Whole School Approach to Wellbeing BEL reduces by £4.75m in 2024-25 in relation to local authority funding transferring to the new amalgamated LAEG.

#### Vulnerable Groups BEL (See Section 2.3 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.
- Net reduction of £0.23m comprised of:
  - a transfer of £0.5m funding to the new amalgamated LAEG; and
  - an increase of £0.27m due to a BEL to BEL transfer of funding for Service Children from the Tackling Barriers to Attainment BEL.

#### **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 of Evidence Paper)**

- The budget has been reduced by a total of £63.533m in 2024-25 through removal of Post Graduate Grants (£9.6m) and a reduction to the HE Support Grants budget (£53.933m). 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.

**SLC/HMRC Administration Costs BEL**

- The budget is maintained at the published level of £18.143m in 2024-25.

**Student Loans Resource Budget Provision BEL**

- The budget is maintained at the published level £514.341m in 2024-25.

***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 Tackling Disaffection BEL reduces by £4.2m in 2024-25 due to Home Education funding (£1.7m) and Education Welfare Officers funding (£2.5m) transferring to the new consolidated Equity in Education (LAEG) BEL as part of the grant amalgamation exercise.

**Community Schools BEL (See Section 2.3 of Evidence Paper)**

- Funding supports 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.
- The Community Schools BEL reduces by £15.545m in 2024-25 with funding transferring to the new consolidated LAEG:
  - £7.225m to the Equity in Education (LAEG) BEL for Family Engagement Officer funding (£6.532m) and Community Focused School Manager funding (£0.693m); and
  - £8.32m reprioritisation of funding relating to planned rise in BEL to the School Standards (LAEG) BEL.

### ***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.
- Funding for the Offender Learning BEL is being maintained at £7.328m in 2024-25.

#### **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 contribute towards wider government agendas, including mental health and wellbeing, and youth homelessness.
- The budget will reduce by £1m in 2024-25 due to the reprioritisation exercise. Reductions will be achieved by slowing progress on supporting the implementation of the interim Youth Work Board recommendations.

### ***Delivery Support Action***

#### **Education Communications BEL**

- Funding is allocated to deliver communication activities in relation to education.
- The budget is maintained at £0.413m in 2024-25.

#### **International Education Programme 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.
- Funding for the British Council Grant within this BEL will reduce by £0.05m as part of the reprioritisation exercise.

### ***Welsh in Education Action (See Sections 2.13 and 2.19 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 and implementation of the new 10 year Welsh in Education Strategic Plans (WESPs);
  - Commissioning of teaching and learning resources; and
  - Funding for the Coleg Cymraeg Cenedlaethol and the development of post-16 Welsh-medium provision.
- The Welsh in Education BEL will reduce by £7.375m in 2024-25 comprised of:
  - £3.5m reduction as part of the reprioritisation exercise through freezing the Co-operation Agreement budget for the Coleg Cymraeg and National Centre for Learning Welsh at 2023-24 levels;
  - a transfer of £2.2m for Immersion grant to the new consolidated Cymraeg 2050 (LAEG) BEL; and
  - a BEL to BEL transfer of £1.675m to the Welsh Language BEL for funding allocated via the Co-operation Agreement for the National Centre for Learning Welsh.

***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.
- There is a net increase of £1.175m in 2024-25 comprised of:
  - a £0.5m transfer for Siarter Iaith to the new consolidated Cymraeg 2050 (LAEG) BEL; and
  - a £1.675m BEL to BEL transfer from the Welsh in Education BEL for funding allocated via the Co-operation agreement for the National Centre for Learning Welsh.

Welsh Language Commissioner (WLC) BEL

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- This BEL funds the WLC including costs for 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 decreased by £0.168m in 2024-25 following the reprioritisation exercise. A 5% reduction has been applied in line with other Commissioners in the Social Justice MEG.

#### ***Estates and IT Provision Action***

##### Education Infrastructure BEL

- This BEL provides the revenue funding required to support the Sustainable Communities for Learning (SCfL) Programme.
- This budget is allocated to support revenue costs associated with the wider delivery of the programme, including Net Zero Carbon survey and Welsh-medium schools grant.
- There has been a net decrease to the BEL of £1.1m in 2024-25 comprised of:
  - a £3m reduction as part of the reprioritisation exercise with reductions in funding based on existing commitments linked to net zero carbon and Welsh Medium Schools Programme;
  - a £4m allocation from reserves for the Education Mutual Investment Model (MIM) Annual Service Charges; and
  - a £2.1m transfer of reprioritised funding to support the new consolidated School Standards (LAEG) BEL as part of the grant amalgamation exercise.

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

#### ***Estates and IT Provision Action***

##### Education Infrastructure BEL

- The BEL supports the SCfL Programme, which is a long term strategic investment in our education infrastructure in Wales, developed in partnership between the 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, and the EdTech programme. The budget also supports capital funding for Higher Education (HE) maintenance and funding for Higher Education Research Capital

(HERC), which is match funded by the Department for Science, Innovation and Technology (DSIT).

- There will be a net decrease to the budget in 2024-25 comprised of:
  - a £10m transfer to reserves as part of the reprioritisation exercise to provide scope for a capital to revenue switch in 2024-25; and
  - a £2.788 allocation from reserves for the Education MIM Project Co. loans via DBW - Bridgend County Borough Council (2 Primaries) and Cardiff and Vale College (Vale campuses).

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

#### SLC/HMRC Administration Costs BEL

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

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

#### HEFCW Programme Expenditure (CTER) BEL

- The budget is maintained at £0.1m per annum for HEFCW's (to be CTER's capital requirements. Funding will transfer to CTER in a future budget.

### ***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.

**ANNEX C – 2024-25 LOCAL AUTHORITY EDUCATION GRANT (LAEG) GRANT AMALGAMATION – SUMMARY OF TRANSFERS**

<b>BEL Transferred From</b>	<b>Description</b>	<b>2023-24 Position £000</b>	<b>2024-25 Planned £000</b>	<b>Changes £000</b>	<b>2024-25 Revised Grant £000</b>
Curriculum & Assessment	Curriculum Reform Schools	14,779	10,978	0	10,978
Teacher Development & Support	Professional Learning & Education Leadership	21,448	21,375	0	21,375
Additional Learning Needs	ALN Implementation & Provision	21,100	21,100	900	22,000
<b>Total Education Reform (LAEG)</b>		<b>57,327</b>	<b>53,453</b>	<b>900</b>	<b>54,353</b>
Curriculum & Assessment	Foundation Phase Nursery	5,268	5,268	0	5,268
School Improvement Grant	Education Improvement	115,197	115,197	0	115,197
School Improvement Grant	Recruit Recover and Raise Standards	37,500	28,500	0	28,500
Virtual Schools	Reprioritisation of Funding	0	0	500	500
Community Schools	Reprioritisation of Funding	0	0	8,320	8,320
Education Infrastructure	Reprioritisation of Funding	0	0	2,100	2,100
<b>Total School Standards (LAEG)</b>		<b>157,965</b>	<b>148,965</b>	<b>10,920</b>	<b>159,885</b>
School Improvement Grant	MEGRT	11,000	11,000	0	11,000
Tackling Barriers to Attainment	Pupil Development	127,731	127,825	0	127,825
Whole School Approach to Wellbeing	School Based Counselling	3,550	4,750	0	4,750
Virtual Schools	Vulnerable Groups	240	0	0	0
Tackling Disaffection	Home Education	1,700	1,700	0	1,700
Tackling Disaffection	Education Welfare Officers	2,500	2,500	0	2,500
Community Schools	Family Engagement Officers	6,532	6,532	0	6,532
Community Schools	Community Focussed Schools Managers	693	693	0	693
<b>Total Equity in Education (LAEG)</b>		<b>153,946</b>	<b>155,000</b>	<b>0</b>	<b>155,000</b>
Teacher Development & Support	Welsh Language Professional Learning	2,570	2,570	0	2,570
School Improvement Grant	Welsh in Education	4,500	4,500	0	4,500
Welsh Language	Siarter Iaith	500	500	0	500
Welsh in Education	Immersion	2,200	2,200	0	2,200
<b>Total Cymraeg 2050 Grant (LAEG)</b>		<b>9,770</b>	<b>9,770</b>	<b>0</b>	<b>9,770</b>
<b>Total Grants to LA's</b>		<b>379,008</b>	<b>367,188</b>	<b>11,820</b>	<b>379,008</b>



**ANNEX D – Transfers anticipated for the EWL MEG in the Second Supplementary Budget 2023-24**

In addition to the transfer to reserves of £74.7m revenue and £40m capital as part of the in-year reprioritisation exercise the following transfers will be actioned as part of the 2<sup>nd</sup> Supplementary Budget 2023-24.

BEL Description	Comments	Amount £000
<b>MEG to MEG Transfers</b>		
HEFCW Programme Expenditure	To the Economy MEG for their share of the underspend on Degree Apprenticeships	-652
Post-16 Provision	To the Economy MEG to support a work experience programme and alumni network project which will be delivered by Careers Wales	-370
Post-16 Provision	From the Economy MEG for Youth Entrepreneurship in Further & Higher Education	360
Student Support Grants	From the H&SS MEG due to the extension of the NHS Wales Bursary arrangements	350
<b>Total MEG to MEG Transfers</b>		<b>-312</b>
<b>Reserve Transfers</b>		
Offender Learning	From the MOJ via Reserves to support the provision of education and skills in HMP and YOI Parc	3,738
Food & Nutrition in Schools	Reprofiling of co-operation agreement funding for UPFSM	7,400
<b>Total Reserve Transfers</b>		<b>11,138</b>
<b>TOTAL RESOURCE TRANSFERS – 2nd SUPP BUDGET</b>		<b>10,826</b>

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**ANNEX E – Regional Consortia School Improvement Grant (RCSIG) allocations for 2023-24**

Funding Description	All Wales 2023-24 £
Regional support for curriculum and assessment reform	£3,400,000
Schools curriculum and assessment development, including National Networks and learning progression	£9,346,000
Regional support for Modern languages - (Modern Foreign Languages (Global Futures))	£462,000
Modern Foreign Languages – building capacity for MFL in the primary sector  Regional Consortia support for primary international languages – this funding supports primary schools’ developments under CfW - <b>£238k</b>  Primary international languages project – provides primary school teachers access to the Open University ‘Learning to teach Languages in Primary Schools’ project offering modules in French, German, Spanish and Mandarin - <b>£33k</b>	£271,000
Literacy & Numeracy Grant/ Support for Curriculum Improvements	£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
School-led professional learning, enquiry and research to realise curriculum	£3,000,000
Curriculum reform professional learning programme	£2,700,000
Professional learning for developing practice and reflection	£900,000
Teaching Assistants Learning Pathway	£950,000
A Level and Welsh Bacc PL	£650,000
Induction / Early Career support package	£250,000
Future Leadership Programme (Aspiring, middle leaders including Coaching & Mentoring support)	£850,000
Aspiring Headteachers Programme	£217,500
Welsh - Professional Development	£2,500,000
Welsh in education grant (WEG) (CSC and EAS only) (GWE and former ERW included in LAEG)	£1,829,316
All Age Schools	£65,000
Coaching and mentoring	£250,000
Pedagogy research design	£100,000
Supporting Vulnerable Learners	£75,000
National Welsh in Education Project Manager	£70,000
Welsh Medium Pilots	£33,442
Welsh-medium capacity grant	£271,000

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Funding Description	All Wales 2023-24 £
Remote instruction of Language and Literacy	£145,000
Education Improvement Grant for Schools (EIG) - Total (Less £462 MFL and WEG £500,754)	£115,196,246
Support Collaborative Working & Help Develop Capacity in Consortia - Helen Richards EAS	£70,000
Building Capacity in Leadership	£60,000
Professional Teaching Awards Cymru (PTAC)	£20,000
Multi-agency support approach, Programme Associate salary cost - (EAS only)	£3,636
Support for communications project	£30,000
National support for Curriculum Reform – Variation 1	£128,300
Welsh-medium capacity building grant 2023/24 academic year - Variation 1	£614,120
National Pedagogy Lead (Partneriaeth only) - Variation 1	£60,000
NPQH assessment for 193 candidates across Wales – Variation 2	£579,000
Pedagogy, Leadership and Professional Learning Professional Advisor - eLearning & Digital Project – for EAS only	£12,000
<b>Total</b>	<b>£158,411,560</b>

All Wales 2023-24 £	Former ERW						
	CSC	EAS	GwE	Powys	NPT	Ceredigion	Partneriaeth
<b>158,411,560</b>	48,434,414	30,963,249	35,325,090	6,325,090	7,008,641	3,533,212	26,707,432

**ANNEX F – UPFSM Revenue Grant Allocations 2023-24**

Local Authority	2023-24 Total Allocation £m
Isle of Anglesey	1.592
Gwynedd	2.953
Conwy	2.231
Denbighshire	1.662
Flintshire	2.698
Wrexham	3.123
Powys	2.024
Ceredigion	1.608
Pembrokeshire	2.917
Carmarthenshire	3.509
Swansea	2.289
Neath Port Talbot	2.597
Bridgend	1.867
The Vale of Glamorgan	4.494
Rhondda Cynon Taf	4.636
Merthyr Tydfil	0.986
Caerphilly	4.204
Blaenau Gwent	1.403
Torfaen	2.004
Monmouthshire	2.050
Newport	4.024
Cardiff	8.116
<b>Wales Allocation</b>	<b>62.987</b>

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**ANNEX G – 2023-24 allocations for Further Education colleges**

	Full Time Allocation 2023/24 £	Part Time Allocation 2023/24 £	Deprivation Uplift £	Sparsity Uplift £	Welsh Medium Allowance £	3% Centrally Retained Allowance £	2% Maintenance Allowance £	Transition £	Total allocation 2023/24 £
Bridgend College	14,381,711	3,320,870	869,824	0	30,000	531,077	354,052	462,073	19,949,606
Cardiff & Vale College	30,215,277	9,460,417	2,914,525	0	30,000	1,190,271	793,514	514,173	45,118,176
Coleg Cambria	36,292,928	7,809,527	1,770,347	755,863	115,000	1,323,074	882,049	489,077	49,437,865
Coleg Gwent	41,231,076	8,391,496	2,989,205	0	230,000	1,488,677	992,451	592,416	55,915,322
Coleg Sir Gar	18,003,940	3,511,343	581,030	593,701	1,061,250	645,458	430,306	407,541	25,234,569
Coleg y Cymoedd	27,512,200	5,493,614	2,903,045	0	29,756	990,174	660,116	368,712	37,957,617
Gower College Swansea	24,410,566	4,082,981	1,855,343	0	115,000	854,806	569,871	0	31,888,567
Grwp Llandrillo Menai	31,989,185	6,784,553	1,663,234	2,517,412	2,156,250	1,163,212	775,475	1,281,013	48,330,334
Grwp NPTC Group	21,362,098	5,409,700	1,278,157	2,532,404	30,000	803,154	535,436	202,700	32,153,649
Merthyr Tydfil College	9,740,968	978,398	866,822	0	30,000	321,581	214,387	154,957	12,307,114
Pembrokeshire College	11,526,790	1,995,069	292,828	367,873	30,000	405,656	270,437	0	14,888,653
St David's Catholic Sixth Form College	7,411,258	242,910	611,056	0	15,000	229,625	153,083	0	8,662,933
Adult Learning Wales	0	5,698,940	338,497	190,425	30,243	170,968	113,979	0	6,543,052
	<b>274,077,998</b>	<b>63,179,818</b>	<b>18,933,914</b>	<b>6,957,679</b>	<b>3,902,499</b>	<b>10,117,734</b>	<b>6,745,156</b>	<b>4,472,660</b>	<b>388,387,458</b>

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**ANNEX H**

**Grants: 2022-23 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				
Grants	2022-23 expenditure	2023-24 forecast	2024-25 forecast	2025-26 forecast	2026-27 forecast
Full-time undergraduate (FTUG) Tuition Fee Grant	2,366	-	-	-	-
FTUG Maintenance Grant	238,239	233,690	232,679	234,386	235,732
Part-time undergraduate (PTUG) Tuition Fee Grant	2,029	497	535	576	623
PTUG Maintenance Grant	34,836	40,380	42,617	44,197	44,493
Masters Finance grant element	20,035	19,550	19,285	19,136	19,023
Education Maintenance Allowance (EMA)	12,259	15,836	17,442	17,451	17,457
Welsh Government Learning Grant (Further Education)	3,346	2,982	2,657	2,368	2,111

**Loans provision: 2022-23 outturn, and forecast loan outlay over the following four years 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				
Loan	2022-23 expenditure	2023-24 forecast	2024-25 forecast	2025-26 forecast	2026-27 forecast
FTUG tuition fee and maintenance loan outlay	794,516	846,739	898,339	934,780	973,243
PTUG tuition fee and maintenance loan outlay	33,262	40,314	45,476	48,469	50,224
Masters Finance loan element	59,994	61,383	62,480	63,316	65,063
Doctoral loan outlay	4,372	4,577	4,701	4,783	4,912

	£000s				
RAB	2022-23 expenditure	2023-24 forecast	2024-25 forecast	2025-26 forecast	2026-27 forecast
FTUG tuition fee and maintenance @ RAB	39,037	34,081	52,750	77,233	93,900
PTUG tuition fee and maintenance loan @ RAB	1,605	3,110	4,533	5,892	5,439
Masters Finance loan @ RAB	-	-	-	-	-
Doctoral loan @ RAB	264	463	557	641	531

# Culture, Communications, Welsh Language, Sport, and International Relations Committee – 17 January 2024

## Minister for Economy and Deputy Minister for Arts, Sport & Tourism

### Memorandum on the Draft Budget proposals for 2024-25

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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, Sport & Tourism in respect of the culture, creative, heritage and sport budgets within our portfolio. The spending plans are set out in the Draft Budget for 2024-25, published on 19 December 2023. 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 have been 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 2024-25

Economy MEG – Summary	2024-25 Indicative Final Budget Feb 2023 Restated	2024-25 Changes	2024-25 Draft Budget December 2023
Resource	482,434	-43,532	438,902
Capital	100,492	2,000	102,492
<b>Total Resource &amp; Capital</b>	<b>582,926</b>	<b>-41,532</b>	<b>541,394</b>
Resource AME	58,525	0	58,525
Capital AME	0	0	0
<b>Total AME</b>	<b>58,525</b>	<b>0</b>	<b>58,525</b>
<b>Total – Economy MEG</b>	<b>641,451</b>	<b>-41,532</b>	<b>599,919</b>

## Resource

The Economy Resource budget stands at £438.902m for 2024-25.

The Resource budget for the Economy MEG has decreased by £43.532m in 2024-25 when compared to the 2024-25 indicative final budget baseline.

The Welsh Government has undertaken a reprioritisation exercise following the announcement of the Autumn statement to release funding from within portfolios for reallocation across Government due to the increase pressure on the Welsh Government budget and public services in Wales. The Welsh Government published its budget on 19 December as this budget provided as much support as possible to put our public services, people, businesses, and communities first.

As a result of the reshaping of the Welsh Government budgets, the Resource budget for the Economy MEG has decreased by £43.532m in 2024-25 when compared to the 2024-25 indicative final budget baseline. An allocation of £6.4m has been received from central reserves for the Borders programme, which is offset by a return to reserves of £49.932m for the Economy MEG's contribution.

These changes for budget lines relevant to this Committee are summarised in **Annex A** and **Annex B**.

## Capital

The Economy capital budget stands at £102.492m for financial year 2024-25. There has been an increase of £2m because of a Financial Transaction repayment for the Cadence Project.

## 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 September 2023.

## 2023-24 Forecast

As outlined in **Annex A**, the forecast revenue out-turn for 2023-24 is £130.704m, compared to the First Supplementary Budget of £130.727m.

The forecast capital out-turn for 2023-24 is £48.358m, compared to the First Supplementary Budget of £50.939m. **The variance is due to the a £3m early repayment of Capital FT from the Welsh Rugby Union and a £0.6m pressure on Support for Local Culture and Sport in relation to re-profiled Co-operation agreement projects.**



## 2022-23 Final Outturn

An outturn position of £137.263m was reported against the culture, heritage, and sport resource budgets for financial year 2022-23.

An outturn position of £41.408m was reported against the culture, heritage, and sport capital budgets for financial year 2022-23.

## 1.2 Budget Changes

### Resource

The Resource budget for the budgets relevant to this Committee has decreased by £15.579m in 2024-25 when compared to the indicative final budget restated baseline. The decreases relate to reductions due to the Welsh Government reprioritisation exercise.

As part of the Economy MEG's contribution towards the reprioritisation exercise, there has been a 10.5% 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 the National Botanic Gardens of Wales. The Royal Commission on the Ancient and Historical Monuments of Wales) and Cadw have faced a higher reduction of 22%. For Cadw, the ability to generate additional income through increases in admission charges to monuments will help cover some of the additional inflationary pressures that will be faced.

The £14m allocation for culture from the Co-operation Agreement in financial year 2024-25 has been predominantly maintained, with the exception of a reduction of £1.233m towards the Culture Strategy and £0.140m against Welsh place names and support for Heritage sector. A reduction of £0.376m has been applied against the Fusion programme and £0.327m against the National Contemporary Art Gallery, but delivery will still be maintained.

Further detail on funding within Budget expenditure lines (relevant to this Committee) is outlined below. My officials are undertaking detailed work as part of the business planning process for 2024/25 and so consequently, we have kept the narrative at a broad level.

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 Co-operation 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 2024-25 we will provide £68.964m 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 Garden 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.

### **Culture:**

The support for local culture and sport budget of £6.668m revenue and £24.7m capital in 23/24 will support the culture strategy and investment in theatres and museums and the wider culture sectors. It makes provision for our Programme for Government commitments on racial equality and implementation of the Anti-racist Wales Action Plan, the five major strategic capital investments (National Contemporary Art Gallery Wales, Football Museum for Wales, Theatr Clwyd, Museum of North Wales and National Slate Museum), provision for investments in developing our national culture bodies, and the development of and our local culture sectors, especially museums and collections. Funding will also be allocated to the Transformation Capital Grant

### **Sport:**

The £20.978m revenue and £8.016m annual capital budgets will provide a significant investment in community as well as elite sports facilities to provide modern and sustainable environments for sports participation, and 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. The £3m allocation as part of the Co-operation Agreement (£9m over 3 years) has been maintained.

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.

Welsh Government have reshaped our budget to provide extra funding and protection for the services which matter most to you. We have done so in line with our priorities:

- Protect core, frontline public services as far as possible.
- Deliver the greatest benefit to households which are hardest hit.
- Prioritise jobs, wherever possible.
- Work in partnership with other public sector bodies to face this financial storm together.
- Refocus funding away from non-devolved areas, which the UK Government should be funding.

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). Alongside the National Botanic Garden of Wales, investment in Cadw delivers our heritage ambitions with 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 Co-operation 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 phase 1 of the capital investment at Caerphilly Castle (works to the inner ward buildings and Great Hall) and commence phase 2 (the new build visitor centre). This major investment will transform the visitor experience and make the castle a 'must see' attraction in the Caerphilly area. 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 which will continue to enhance our sense of identity, physical and mental well-being, and will 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 according to 2022 data, 3,545 businesses make up the creative industries sectors in Wales, an increase of 8.9% from 2017. Creative industries businesses accounted for 3.3% of total registered businesses in all industries in Wales in 2022. The creative industries in Wales (based on businesses included in the IDBR) generated an annual turnover of £1.4billion in 2022 (down 19.5% from 2021). The wider Welsh economy (including small businesses which are not included in the IDBR) also saw a decrease in turnover, decreasing by 11.2% over the same period to £116.4bn.

In terms of business size, the 2022 data showed that 1% of creative industries businesses were medium and large (50+ employees), 6% small (10-49 employees), 80% micro (1-9 employees) and 14% had zero employees. This compares to figures for all industries in Wales that show 2% of businesses were medium and large, 9% were small, and 89% were micro including zero employees. Data source: Annual Population Survey. Years refer to calendar years (e.g., 2022 refers to the year ending December 2022) unless specified otherwise. As of 2022, 32,500 people were employed in the creative industries sectors supported by Creative Wales. Employment in the creative industries in Wales is down by 6.9% from the previous year, where on average, employment across all industries in Wales has remained constant (up by 0.4%). For the UK, employment in the creative industries, as defined by DCMS is up 4.3% from the year ending June 2021 to the year ending June 2022.

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. 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 Mission](#) has already set Wales on a path that links our pandemic response with long term, active industrial policies. Over the next two years, we will progress our economic mission, focusing on the levers that can help young people plan ambitious futures in Wales. This will draw upon international best practice, whilst responding to the evolving labour market to support the conditions needed for businesses to thrive.

The [Programme for Government](#) includes a commitment to progress the Economic 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, sport and cultural sectors. Sport Wales has recently published the Social Return on Investment (SROI) study for sport in Wales, conducted by the world leading Sport Industry Research Centre at Sheffield Hallam University. The findings of the report show that for every £1 spent on sport and active recreation in Wales, £4.44 worth of social benefits are generated. This demonstrates the incredible annual contribution sport makes to health, and other areas, particularly the potential sport has to be the most effective preventative health tool at our disposal. Our cultural attractions help sustain 12,110 businesses in the tourism industry and creative industries employ 32,500 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. The ongoing impact of rising costs is particularly high across the portfolio, highlighting organisations and sectors struggling to recover financially from the pandemic, where falls in attendance numbers mean a reduced ability to generate income. Large increases in energy prices are adding significant pressures on budgets. Increased living costs are also impacting on the recruitment and retention of staff and volunteers, as people struggle to afford travel costs and child-care, or opt for better paid work. In some instances, the combined result of these challenges is reduced programmes of activity across Wales. Less disposable income means people are also having to tighten belts and spend less on leisure activities. Significant increases in supply chain costs, particularly in relation to materials and labour, are also impacting on capital projects and maintenance work. The impact of these challenges will continue into the future as we aim to support our sectors in 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 body 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 each of the organisations, and officials formally monitor progress against their operational 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 as observers, allowing Welsh Government to maintain a good overview of potential issues. Monthly grant in aid claims are 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 and provide challenge and advice. In December 2022, The Deputy Minister announced a review of Cadw's current governance arrangements and the wider provision of public heritage services across Wales. The intention was to assess the success of these arrangements after having been in place for five years. The [report of this review was published on the 5<sup>th</sup> December 2023](#) and a response to the recommendations will be published in early 2024. The review complemented the achievements of Cadw in recent years and concluded that Cadw's mission and purpose was best served by remaining, at this moment, as an internal agency of Welsh Government. However, it also made 29 recommendations that range in scope and include several that are intended to help clarify the role of the Cadw Board and the ways in which government procedures might be adapted to allow Cadw to operate even more effectively. Several recommendations make suggestions on how the ways in which Cadw works with its partners can be reinforced and others consider how some of Cadw's wide-ranging activities can be enhanced to assist its core purpose.

Each major project has governance arrangements in place related to the specific project. These are frequently reviewed to ensure they reflect the stage of the project. Major capital investments are supported by business cases which are scrutinised to ensure they are robust. This includes a range of Welsh Government officials and independent review via gateway reviews. Smaller capital and revenue grants and contracts are awarded based on either an open application process or a direct commission. They are 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.**

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 to promoting positive wellbeing and physical health was dramatically underlined by the pandemic, and again this year in relation to the sector response to the rising costs of living. Culture and heritage provide an outlet for many during these difficult and uncertain times, and our sector always demonstrates innovative and creative responses to supporting individual and community well-being.

Some examples of how our sectors have delivered preventative policies and programmes in 2023/24 include:

- Establishing warm hubs in libraries – these have continued beyond the initial funding period.

- Providing books on prescription through the 'Reading Well' scheme.
- Developing the House of Memories Cymru app which uses museum collections to support people living with dementia.
- Continuing with the Arts Council of Wales partnership with Health Boards to provide a range of tailored programmes to support well-being.
- Supporting the framework for Social Prescribing through tailored volunteer programmes.

2024/25 looks challenging in terms of the financial flexibility available to our sectors to support preventative activity outside of their core purposes, but the focus on well-being, and on delivering a number of Welsh Government policy priorities such as ARWAP, the LGBTQ+ Action Plan, the Age-Friendly Wales strategy, and tackling loneliness and isolation are already deeply embedded in day-to-day activity.

Examples of projects that will be funded directly in 2024/25 include extending the books on prescription offer in collaboration with Child and Adolescent Mental Health Services: (CAHMS) and the Reading Agency. Evaluation of books on prescription is undertaken by the Reading Agency as part of the grant monitoring. We will continue to work with local museums to promote the use of the Welsh Government funded House of Memories Cymru App, which uses museum collections to support people with dementia. 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. Sport Wales will also continue to invest funding and resource in the Welsh Government's 'Healthy 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 2024-25 and its work in engaging with individuals and communities in areas of deprivation.

The Fusion programme aims to be a catalyst for positive change for health, wellbeing, and poverty, through cultural activity. The programme has continued to engage with local communities and culture heritage organisations to form partnerships, and to identify and enable opportunities, including new ways of delivering cultural activities and to increase and widen participation in cultural activities.

## **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 2024-25 as relevant to Arts, Culture and Heritage.**

Through our legislative programme and our Co-operation Agreement commitment with Plaid Cymru we will introduce a statutory registration and licensing scheme for all visitor accommodation in 2024. Creation of this legislation will be subject to further conversation and, of course, ongoing annual budget discussions. For 2024-25 this work will be delivered within the budget allocation for tourism and discussed annually as part of our budget discussions.

### **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 fewer 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.

*Spotlight on Museums 2022 indicated that: Museum visitor levels overall have recovered to 69% of pre Covid-19 levels. National Trust, independent and university museums are at over 80% recovery Museum Spotlight Survey: 2022 | GOV.WALES*

In 2022/23 there was 1,308,628 visits across all Amgueddfa Cymru sites and 2,322,184 visits to the Museum's website. For 2023/24, Amgueddfa Cymru's target for number of visits to its sites is 1.46m. Up to the end of October, it had 1,075,825 visits which means it is on course to meet or exceed its target. The Museum's target for number of website visits is 1.9m. Up to the end of October, it had over 1,578,027 visits which means it is on course to exceed its target. During 2022-23, there were 52,546 visits to the National Library and for the first five months of the 2023-24 financial year 38,767 have visited the Library.

The local arts, heritage 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 these 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. Cadw in particular has benefited with investment in the visitor infrastructure of monuments in west and north Wales. However, Cadw is not able to benefit directly from the UK government's Shared Prosperity Fund.

The impact of the pandemic on public libraries has seen a shift to increased usage of online resources, that has continued to rise despite a return to physical visits and loans. This has implications for budget provision, as electronic resources are more expensive. Demand is outstripping provision in terms of increased wait times for popular resources.



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 has run since 2021, with a budget of circa £7m per annum. While a small number of Welsh businesses have benefited from this programme, the overall benefit to Wales continues to be limited. Officials continue to provide feedback to DCMS and the BFI about the need for devolved nations to be more involved in the programme delivery. 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 the Culture Strategy for Wales and an update on development of the Culture Strategy, and any allocations for the coming financial year to take forward its actions.**

Officials have worked to develop a draft Culture Strategy in 2023.

The work to develop a strategy was based on an extensive engagement exercise, led by our external contractor The Means, and their associates. During November 2022 through to April 2023, The Means engaged with representatives of our cultural sectors, with cultural arm's length bodies, and with community representatives from across Wales. In addition, officials led on an engagement process which included conversations with staff at our cultural bodies, with digital experts, with social partners, and policy teams across the Welsh Government. In all, over 400 people participated in the engagement conversations. In May 2023, a draft structure was developed for the strategy built around four ambition statements. This was tested with trusted partners, including social partners, for their feedback prior to drafting the strategy.

A draft of a complete strategy was developed and tested with policy leads, social partners, and trusted partners in the autumn of 2023.

This work to develop the strategy has been overseen by a Steering Group, with regular updates being provided to Ministers and the Plaid Cymru Designated Member across the year.

We are now at a stage where we have a revised draft strategy and a draft implementation plan. Unfortunately, the budget settlement for our cultural bodies in Wales is now confirmed and they will be facing a reduction of 10.5% in 2024/25. The Welsh Government budget which supports our local cultural sectors is also facing a 22.3% reduction. These are extremely challenging figures which will lead to job losses, with many of our sector organisations now considering their future viability.

We need to consider the implications of the re-shaping of our indicative spending allocations within our budget, following the reduction of £1.233m towards the Culture Strategy, in consultation with the Designated Member.

We have outlined an ambitious and comprehensive vision for the culture sector in the draft strategy, and we are still determined that this should lay the foundations for our sector over the next seven to ten years but cannot ignore the challenges that are being set out for the 2024/25 budgets.

## Specific areas:

### Cadw

#### **3.6 Allocations and commentary in respect of Cadw including revenue generation targets, and recent annual income generation figures.**

The Cadw 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 2022/23 of £9.6m, and a forecast figure for this year in excess of £10m.

We are forecasting further increases in commercial income during 2024/2025 – with a stretching income generation target of c £10.8m. We will seek to deliver this target through:

- Increases in admission charges and membership costs by an average of 6.2%
- A number of new income generating initiatives – for example introducing car parking charging where possible
- Marketing campaigns – with an emphasis on where we have made significant investment in the visitor offer such as the recently opened major work at Caernarfon Castle and Tretower Court

This stretching income target should be sufficient to cover many of the inflationary pressures that Cadw continues to face on pay and other costs, particularly utilities costs and the costs of maintaining sites. However, there are some concerns about the impact which the cost-of-living crisis may have on visitor numbers and retail spend.

The income target for 2024/2025 will not be sufficient to cover the reduction of £2.123m that has been applied against the Cadw revenue budget. This results in a 22% reduction compared to the indicative Final Budget restated baseline. The reduction made is the Economy MEG contribution towards the wider Welsh Government reprioritisation exercise.

Core statutory commitments – such as regulatory and planning work and maintaining and providing safe public access to monuments will be prioritised. Most of these activities we undertake directly, although some are delivered indirectly through others - notably the Welsh Archaeological Trusts. Consequently, the budget reductions will have a significant impact on a number of other work programmes such as life-long learning, educational visits, volunteering and participation, monument interpretation, non-income generating events and support for third-sector organisations. Some of the

reductions in a number of these programmes will have a longer-term impact on future income generation – but wherever possible direct income generating activities will need to be protected. However, the budget reduction in budget will impact on the opening times of many of our smaller visitor centres throughout Wales – with some possibly having to close altogether – again with an impact on income generation.

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, 132 monuments across Wales. Capital expenditure on the conservation of monuments, health and safety measures and investment in visitor facilities remains an important priority. However, increasing costs and inflationary pressures have had an impact on what can be delivered with the capital budget of £10m for 2024/25. For example, this will not be sufficient to fully deliver the Caerphilly Castle development as well as essential Health and Safety and conservation work elsewhere. Consequently, only phase 1 of the Caerphilly project will be fully complete in 2024/2025 and Phase 2 will extend into subsequent years.

### 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. 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 and in each case value for money judgements are made on the submission of costed estimates by the applicant, assessed by Cadw's Inspectors.

Cadw currently has the following capital grant schemes:

- **Historic Buildings Capital Grants** - for the repair of listed buildings at risk or in a vulnerable condition
- **Historic Buildings Maintenance and Repair Grants** – for small scale maintenance and repairs
- **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** – to support owners of monuments in repair works and the conservation of sites ranging in date from the Neolithic to buildings of the industrial revolution.

The total value of capital grants for owners of historic assets for 2022/2023 was £2.831m. During 2023/2024, an initial allocation of £1.800m was set, although forecast allocations for the end of 2023/2024 will likely exceed £2.000m. The intention is to set a similar allocation for 2024/2025.

## **National Museum Wales and National Library of Wales.**

### **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 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.

This is an extremely challenging time for our arm's length bodies. In addition to reductions to their budgets, they are facing significant inflationary pressures and pay increases. They are also 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.

There has been a reduction of £2.992m against the 2024-25 indicative final budget for the National Museum for Wales and a reduction of £1.301m for the National Library. Both the reductions have contributed towards the Welsh Government re-prioritisation exercise.

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 Library has recently established a department with its aim to lead and support transformative fundraising across the organisation. Both the Library and Amgueddfa Cymru are continuing to undertake detailed planning and mapping exercises in light of the current financial climate.

The National Library's capital budget for financial year 2024-25 is maintained at £2m. A further £1.55m from the Support for Local Culture and Sport BEL 6170 will enable digitisation and decarbonisation projects as well as helping to increase its storage capacity.

Amgueddfa Cymru's capital budget is maintained at £5m for financial year 2024-25. The budget will help to address some of the maintenance challenges of operating in historic buildings and the need to keep our national collections safe, plus a further allocation of £0.300m from the Local Culture and Sport BEL to enable decarbonisation projects.

## **Royal Commission for Ancient and Historic Monuments of Wales**

In 2024/25 the Royal Commission will see a reduction of 22% to its indicative revenue grant in aid allocation for 2024/25. This significant reduction is being made due to increase costs elsewhere in Welsh Government, including the funding needed for the NHS. Officials are working with colleagues at the Royal Commission to consider the impact of this reduction and to plan accordingly. Like this financial year, the Royal Commission will receive a capital allocation of £0.05m plus a further award of £0.045m from the Support for Local Culture and Sport BEL 6170 to digitise the national aerial photographic collection.

## **Libraries and Museums**

### **3.9 Allocations and commentary in respect of the Libraries and Museums Strategies.**

The draft budget total allocations for Support for Local Culture and Sport are revenue £6.668m and capital £24.7m capital, excluding support for the ALBs and the National Botanic Gardens of Wales specified in the respective BEL lines.

While a challenging settlement, funding has been allocated to enable us to support local museums, archives and libraries in line with our responsibilities as the development agency for the local culture sector. Our funding will ensure the management, preservation, protection and accessibility of both physical and digital assets within archives, museums and library collections. We will work with key sector support bodies to build capacity and resilience, to ensure that statutory obligations are met, and professional standards maintained for the benefit of users.

Public libraries are a statutory requirement under the 1964 Public Library and Museums Act and Ministers have a responsibility to ‘superintend’ public library provision. For archives there are statutory responsibilities in relation to provision for local government records and for Places of Deposit under the Public Records Act 1958. Ensuring the discharge of these statutory requirements is a key activity within the budget allocation.

We support collaborative initiatives to provide efficiency, value for money, service resilience and ensuring equality of access to collections across the sectors. We invest in digital collection building and skills to enhance resilience, access to resources, and to increase engagement.

We intend to continue our Capital Transformation Grants programme to fund capital developments and improvements, 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**

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.

As noted above, the draft budget for supporting the local sectors will be reduced by 22.3%. It is therefore challenging to allocate funding to take the Expert Review’s recommendations forward, or to revisit them under the Culture Strategy as was originally planned.

In 2023-24 further work was undertaken that supported several of the Review’s recommendations. Welsh Government published a new significance toolkit to aid museums to identify and safeguard items of significance and to support the rationalisation of

collections. It continued to offer a workforce training and development programme and also worked in partnership with other sector bodies to fund an update to the Association of Independent Museums' research and guidance on museum admission policy and practice. In 2024-25 and taking account of the challenge inherent in the budget reductions, the Welsh Government will continue to support the local museum sector through offering a workforce development programme. It will also seek to promote the use of the significance toolkit, to facilitate progress towards the Review recommendation around understanding the nationally significant collections held across Wales within local museums.

## **Arts and Arts Council of Wales**

### **3.11 Allocations and commentary in respect of the Arts Council of Wales**

Under the arm's length funding principle, our primary investment in the arts in Wales is channelled through the Arts Council of Wales.

This is an extremely challenging time for our cultural arm's length bodies including the Arts Council of Wales. In addition to budget reductions, ACW and the arts sectors it supports face significant inflationary pressures.

There has been a reduction of £3.570m against the 2024-25 indicative final budget for the Arts Council of Wales which has contributed towards the Welsh Government re-prioritisation exercise. The draft budget revenue allocation for the Arts Council of Wales is £30.429m.

ACW completed its Investment Review based on its indicative GIA allocations, and made indicative awards, subject to the outcome of the appeals process and confirmation of its budget for 24/25. In light of this budget, officials/ the Welsh Government are aware that ACW may now need to reevaluate the detail of the investment review awards in order to best enable it to continue to deliver vital support for the arts sector within these parameters.

The Arts Council of Wales capital budget for financial year 2024-25 is maintained at £400,000. In addition, 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 continue to 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.

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.

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 budget makes provision for continued support for the Fusion Programme in 2024-25 and its work in engaging with individuals and communities in areas of deprivation.

The Arts Council of Wales is a 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.

### **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 offers 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 ACW 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.

## **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 2023-24 Creative Wales total budget allocation is £7.119m revenue & £5m capital (£12,119m).

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 as well as delivering on the Programme for Government commitments in improving skills for the industry.

Since April 2023, we have invested in 9 capital projects totalling £6.7m in Creative Wales capital funding and over £83.2m in projected Welsh spend and creating 50 new jobs. 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 create jobs also for those productions from outside of Wales that are seeking to film in Wales.

Working with Ffilm Cymru (FfC) £1.3m has been allocated to 5 projects in 2022/2023 and work continues with the FfC team on a pipeline of projects which are expected to be presented for consideration to the December 2023 board panel to reallocate the balance of funding already committed as well as remaining balance of the overall programme.

With the growth in productions looking to film in Wales we also have a strategic priority to invest in our studio infrastructure. Following our investment in Aria Studios in North Wales last year, Creative Wales has invested in Great Point Studios alongside Cardiff Capital

Region, for a major expansion of the site. Building work is yet to start but will see this site expanded to a total of 257,000 sq ft.

We continue to provide funding to support the commercial music sector, with £0.700m in capital funding to support venues, recording studios and rehearsal rooms via the Music Capital Fund 2023 to 17 business. This is in addition to the £0.200m revenue via strategic support to programmes such as Focus Wales, PRS Momentum and Power up, BBC comedy festival and Beacons programme delivery.

The additional funding for broadcasting and media will support action to strengthen the media in Wales as set out in the Co-operation Agreement with Plaid Cymru.

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.

This financial year there have been 73 trainees on paid placements on Creative Wales funded productions with an additional 45 trainees committed to date on current funded productions including: Out There, Maid of Sker (game) and Tŷ Gwyrdd. This includes entry level and upskilling placements as well as apprentices from the CRIW Shared Apprenticeship Scheme (Sgil Cymru). There are paid trainees on all films funded via our agreement with Ffilm Cymru Wales All placements are monitored, and productions are visited to gain employer/employee feedback. Creative Wales are working closely with other industry stakeholders to look at creating meaningful career pathways for trainees.

There are currently 17 high quality skills and training projects being delivered via the Creative Skills Fund (CSF) which was launched in September 2022.

In addition to the 17 projects, Creative Wales is supporting four additional skills partnership projects including a wellbeing facilitator programme, a new six-month course; *O'r Sgript i Sinema* being delivered by NFTS Cymru Wales, in conjunction with S4C, which is designed to help writers develop their cinematic voice in the Welsh language. Creative Wales is also continuing to support Culture Connect Wales for a third year. The project aims to support diverse talent across Wales to find opportunities in film & TV. Creative Wales is one of five partners who support this project alongside BBC Cymru Wales, ITV Cymru, S4C and C4.

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.

### **3.16 An update on plans to provide further support to English-language journalism "similar to the Welsh language model".**

In 2022/23 independent community journalism was supported through a £0.100m award to PING! News to deliver the Journalism Accelerator Fund, a follow-on project to the Wales Public Interest Journalism Fund supported by the 2021/22 budget. To date, the Journalism Accelerator Fund has supported ten publications from across Wales to increase the provision of locally relevant public interest news and promote growth in the Welsh community news sector. In addition, the three dedicated journalism pilot projects; the



Independent Community News Network led dedicated Senedd reporter post and the Inclusive Journalism Cymru led Inclusive “Media Development Lab” project funded through the 2022/23 budget and the Cardiff University’s Sector Data Research project, funded through the 2023/24 budget continue to deliver. Work is underway to commit the remaining 2023/24 media financial support budget.

### 3.17 Allocations and commentary in respect of any funding for the media and broadcasting.

To date, in 2023-24 a total of £3.,760m 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. The budget for the Books Council of Wales for 2024-25 will be agreed as part of the formal budget publication. We 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. This approach has supported a suite of productions in 2023/24, including *Pren ar y Bryn / Tree on a Hill* and *Men Up*. Our production funding continues to attract a high volume of new enquiries and we maintain a broad pipeline of national and international potential projects.

### 3.18 Allocations and commentary in respect of broadcasting and communications actions in the Cooperation Agreement, and what they are intended to achieve.

To date, in 2023-24 a total of £0.216m has been committed to support delivery of the broadcasting and journalism commitments in the Co-operation Agreement, as follows:

Activity	Funding
Expert panel administration and reports	£10,658
Support for the development of the AM platform	£173,799
Cardiff University’s Sector Data Research project	£31,750

In 2024-25 an annual budget of £1m for broadcasting and £0.100m for journalism has been set aside, as set out in the Co-operation Agreement budget. In addition, £0.700m has been allocated to Welsh language film and content through the Co-operation Agreement. Decisions on activities and projects to be supported by these budgets will be taken following agreement of the Welsh Government’s response to the recommendations set out in the Broadcasting Expert Panel report and in the context of the recommendation set out in the Wales Public Interest Journalism Working Group’s report. Funding is intended 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.

## **Creative Wales - Support for film and television production**

### **3.19 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 ended when the studio was sold. Rent received up until the sale is as follows:

01.10.20 – 30.09.21 -	£0.319m
01.10.21 – 30.09.22 -	£0.478m
01.10-22 to 21.08.23	£0.683m

The studio has hosted 2 major productions to date, HAVOC for Netflix and Black Cake for Hulu alongside a number smaller number of productions including 'The Famous Five'.

### **3.20 The latest figures for the Media Investment Budget, including total investment, return on investment and Welsh spend (broken down by project) and the same figures for investments in screen productions made by Creative Wales.**

To confirm, the total recouped to date in 2023/2024 is £40,690.63 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. Due to the time that has lapsed since this fund was closed, it is now considered unlikely that there will be much further recoupment via this fund.

A summary of the Media Investment Budget is included at **Annex C**.

### **3.21 The latest figures for production funding provided by the Welsh Government including total investment and Welsh spend (broken down by project).**

Since 2020 this is at £22.1m in production funding (which now also games investment as a result of amended criteria) and this has supported 39 projects and will generate over £269m into the Welsh economy. Since 2020 Creative Wales have supported a total of **341** paid placements on funded productions.

A list of the projects is provided at **Annex D**.

### **3.22 The latest figures for the Wales Screen Fund including total investment and Welsh spend (broken down by project).**

All production supported prior to the launch of Creative Wales in 2020 can be seen in Annex C. To clarify, there is no Wales Screen Fund, this is the subsidy control mechanism used to support production funding.

### **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).**

Total interest due on the loan arrangement is £1.064m and repayments commenced in 2020-21. **Bad wolf has repaid £669,314 of the interest loan and have a balance of £394,686.** 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.**

We launched our new production funding model in May last 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. 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. Also, in July 2022, Welsh Government entered into an agreement with Ffilm Cymru to administer the grant funding for feature films on our behalf. To date, £1.3m has been allocated to 5 projects in 2022/2023 and work continues with the Ffilm Cymru team and project board on these projects.

### **3.25 An assessment of the impact of production funding provided via Ffilm Cymru, and allocations for the coming financial year.**

We will be evaluating the programme at the end of pilot two-year period.

## **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 \(ArWAP\)](#), and associated specific Programme for Government commitments aim to make a measurable difference to the lives of Black, Asian and Minority Ethnic. Our work has focused on widening access, participation, and engagement of Black, Asian, and Minority Ethnic people as well as building capacity and capability of our cultural and heritage sectors in tackling both institutional and systematic racism. To achieve this, we have committed capital and revenue funding of a total of just over £5m over financial years 2023-25 to support our national, local, regional and grassroots cultural, heritage and sport organisations. Included in the total allocation is a contribution of just over £1.3m from the Co-operation agreement budget to support this work.

All projects receiving funding have a focus on co-production, demonstrating a commitment to placing lived experience at the centre of policy / service design, development, and delivery. We know that co-production with Black, Asian and Minority Ethnic is not a matter for diversity and inclusion; it is a strategic imperative that leads to more equitable and culturally appropriate services and where our heritage offers a more balanced and authentic account of our past.

Significant strides have been made within the culture and heritage sectors delivering against our ArWAP goals and actions and related PfG commitments. Last year, the Arts

Council of Wales and Amgueddfa Cymru published a joint [Widening Engagement Action Plan 2022-25 | Arts Council of Wales](#), which is underpinned by work to address the current inequalities experienced by people, groups and communities, particularly those currently under-represented, in access to and participation in the arts. Whilst Cadw is finalising guidance for public bodies on public commemorations in Wales. This follows on from the monuments and street names audit that identified numerous examples of commemorations in public spaces that could be considered contentious. The guidance has gone through a public consultation and the intention is to publish it early in the New Year.

## **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. In July 2023 a second round of development funds was launched and 35 projects totalling over £0.980m for spend in 2023/24 and 2024/25.

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, £0.500m 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 £0.100m has been claimed to date and a further £0.100m profiled for 2023/24 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. The report has now been published and we are working on the recommendations.

## **4.3 National Music Service**

The National Music Service, funded by the Welsh Government Education Directorate over the period 2022-23 to 2024-25, is progressing a wide-ranging programme to support music education and activities. The establishment of the Service in May 2022 fulfilled a Programme for Government commitment. A key focus of activity, as set out in the [National Plan for Music Education](#), is on provision in schools and settings, with the 'First Experiences' and 'Music Pathways' programmes being rolled out across all local authority areas.

At its establishment, it was outlined that the funding for the National Music Service over the three-year period would be in total £13.5 million (equating to £4.5million per annum). However, in the light of the wider Welsh Government budget position, it is planned that the allocation for the Service for 2024-25 will be reduced by £500,000 (that is to say, a budget of £4 million).

## **4.4 Investing in Theatr Clwyd**

The redevelopment of Theatr Clwyd is a programme for government commitment. We have awarded a total of £26.5m (2021/22-24/25), including £23.5m from the Co-operation

Agreement towards this project, which will be administered by the Arts Council of Wales, and including £7.768m in 2024/25. This reflects a change to the profile of spend to more accurately reflect the development timetable.

During 2023-24, significant progress has been made on site, the demolition phase of the project has now been completed and the construction phase has commenced. The Theatr Clwyd team continue to progress with the fundraising campaign for the redevelopment project, with the public fundraising campaign now launched. Following a thorough review, and a successful Gateway 3 assurance review, the Welsh Government have also now approved the Full Business Case for the project.

#### **4.5 Establishing a Football Museum for Wales**

In February 2023, a further £5.458m was announced for the Football Museum for Wales, to take it through content development, construction to delivery and opening (scheduled for March 2026), within this the allocation for 2024-25 is £4,258,120.

During the course of 2023-24 the project team at Wrexham Museum have progressed the building and content designs for the new Football Museum for Wales, developed the Full Business Case for the project, activity planning pre- and post-opening and the museum business plan.

Construction phase drawings and specifications for the future museum building, and design drawings for the galleries and public spaces have been finalised. Following a PIN notice to the market for the construction work contractor, tenders will be issued for the construction phase in early January.

Collecting and engagement activity has raised the profile of the project, and ensures the objects and stories required for the museum are sourced, aiding the content development work to enable diverse stories of the game, the grassroots and the international, the fan and the player stories are represented. During the year the Museum acquired a large, important collection from Alun Evans/FAW President.

The Wrexham team continue to progress fundraising for the project, including their National Lottery Heritage Fund application. Funding from the UK Shared Prosperity Fund was secured this year.

A Gateway 3 assurance review of the full business case will be held in February 2024. On 4 November 2023, Wrexham Museum closed to the public to enable preparation works for the redevelopment.

#### **4.6 Establishing a National Contemporary Art Gallery**

The development of a National Contemporary Art Gallery for Wales is a commitment in our Programme for Government and in the Co-operation Agreement with Plaid Cymru. It has three distinct elements, supported by an online gallery resource named Celf ar y Cyd:

1. A network of galleries across Wales will provide free access to the national collection and bring contemporary art closer to communities.
2. Host galleries the organisations which currently host the national collection of Welsh art i.e., National Museum, Cardiff and National Library of Wales, Aberystwyth.

3. An anchor gallery to provide a prominent public face for the national contemporary art gallery.

The **Celf ar y Cyd** digital platform was launched in June 2023, and by the end of October 2023 contained over 33,500 images. It has been accessed by 6,500 new users with 44,000 page views. Both Amgueddfa Cymru and the National Library will have their collections digitised and added to the site by the end of March 2025.

We are considering plans from six potential **Anchor Gallery** candidate sites across Wales. The search for an anchor gallery remains at an early stage. We anticipate that following the decision on a site, we will consider more practical and operational issues, developing further with stakeholders, the concept and role of the Anchor Gallery.

We hope to make a decision on a preferred site to develop early in the next calendar year following consideration of the proposals received. Until a preferred site is identified, it is not possible to identify the level of investment required to support the development, affordability or operational models for any future anchor gallery.

The **dispersed model** for the National Contemporary Art Gallery for Wales is being taken forward as a critical first phase, consisting of a number of nine sites across Wales. This work is being led by a collaboration between the Arts Council of Wales, Amgueddfa Cymru and the National Library of Wales.

The geographically dispersed model will allow greater access to both contemporary art and the national collection by communities across Wales, bringing art closer to the people of Wales, in a far more equitable way.

A conditional grant award has been made to take this work forward and costs for the project will be finalised in February 2024.

Between 2017 and 2023, expenditure on the various elements of this programme totalled £1.76m, with £1.36m being capital expenditure. The grant award now made provides a further £6,290,259 to support the project through to its completion in March 2025.

## Annex A - Overview of Culture and Heritage Finances

ECONOMY							
RESOURCE							
Budget Expenditure Line	2022-23 Final Outturn	2023-24 1st Supp Budget	2023-24 Forecast Outturn Period 7	2023-24 Final Budget Feb 23 Restated	2024-25 Indicative Final Budget Feb 23	Change	2024-25 Draft Budget Dec-23
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Arts Council of Wales	£33,313	£33,157	£33,157	£33,314	£33,999	-£3,570	£30,429
Arts Council of Wales - Non cash	£31	£260	£260	£119	£119	£0	£119
Amgueddfa Cymru - National Museums of Wales	£32,070	£27,222	£27,222	£27,222	£28,496	-£2,992	£25,504
Amgueddfa Cymru - National Museums of Wales - Non cash	£2,546	£2,400	£2,400	£2,400	£2,400	£0	£2,400
National Library of Wales	£13,300	£11,862	£11,862	£11,862	£12,394	-£1,301	£11,093
National Library of Wales - Non cash	£1,816	£1,250	£1,250	£1,250	£1,250	£0	£1,250
Support for Local Culture and Sport	£4,638	£6,629	£5,549	£6,429	£8,583	-£1,915	£6,668
Creative Wales	£9,971	£6,969	£7,831	£7,119	£7,169	-£753	£6,416
<b>Action: Support for Culture and the Arts</b>	<b>£97,685</b>	<b>£89,749</b>	<b>£89,688</b>	<b>£89,715</b>	<b>£94,410</b>	<b>-£10,531</b>	<b>£83,879</b>
Cadw	£8,516	£9,206	£9,106	£9,206	£9,513	-£2,123	£7,390
Cadw - Non cash	£5,112	£5,480	£5,531	£5,480	£5,480	£0	£5,480
National Botanic Garden of Wales	£594	£587	£587	£587	£587	-£62	£525
Royal Commission on the Ancient and Historical Monuments for Wales	£1,635	£1,727	£1,705	£1,727	£1,815	-£402	£1,413
Royal Commission on the Ancient and Historical Monuments for Wales - Non cash	£145	£134	£239	£134	£134	£0	£134
<b>Action: Support the Historic Environment</b>	<b>£16,002</b>	<b>£17,134</b>	<b>£17,168</b>	<b>£17,134</b>	<b>£17,529</b>	<b>-£2,587</b>	<b>£14,942</b>
Sport Wales	£22,942	£23,065	£23,065	£23,065	£23,439	-£2,461	£20,978
Sport Wales - Non Cash	£634	£779	£783	£779	£779	£0	£779
<b>Action: Sports and Physical Activity</b>	<b>£23,576</b>	<b>£23,844</b>	<b>£23,848</b>	<b>£23,844</b>	<b>£24,218</b>	<b>-£2,461</b>	<b>£21,757</b>
<b>Total Culture, Arts and Sports Budgets</b>	<b>£137,263</b>	<b>£130,727</b>	<b>£130,704</b>	<b>£130,693</b>	<b>£136,157</b>	<b>-£15,579</b>	<b>£120,578</b>



## ECONOMY

## CAPITAL

Budget Expenditure Line	2022-23 Final Outturn	2023-24 1st Supp Budget	2022-23 Forecast outturn as at Period 7	2023-24 Final Budget Feb 23	2023-24 Indicative Final Budget Mar-22	Change	2024-25 Draft Budget Dec-23
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Arts Council of Wales	821	400	400	400	400	0	400
Amgueddfa Cymru - National Museums of Wales	4,270	5,000	5,000	5,000	5,000	0	5,000
National Library of Wales	3,923	2,000	2,000	2,000	2,000	0	2,000
Support for Local Culture and Sport	7,032	21,500	21,920	21,500	24,700	0	24,700
Creative Wales	4,558	5,000	4,999	5,000	5,000	0	5,000
<b>Action: Support for Culture and the Arts</b>	<b>20,604</b>	<b>33,900</b>	<b>34,319</b>	<b>33,900</b>	<b>37,100</b>	<b>0</b>	<b>37,100</b>
Cadw	10,957	10,000	10,000	10,000	10,000	0	10,000
National Botanic Garden of Wales	1,200	200	200	200	200	0	200
Royal Commission on the Ancient and Historical Monuments for Wales	50	50	50	50	50	0	50
<b>Action: Support the Historic Environment</b>	<b>12,207</b>	<b>10,250</b>	<b>10,250</b>	<b>10,250</b>	<b>10,250</b>	<b>0</b>	<b>10,250</b>
Sport Wales	9,552	8,016	8,016	8,016	8,016	0	8,016
Sports Capital Loans Scheme	-955	-1227	-4227	-1227	-1231	0	-1231
<b>Action: Sports and Physical Activity</b>	<b>8,597</b>	<b>6,789</b>	<b>3,789</b>	<b>6,789</b>	<b>6,785</b>	<b>0</b>	<b>6,785</b>
<b>Total Culture Arts and Sports Budgets</b>	<b>41,408</b>	<b>50,939</b>	<b>48,358</b>	<b>50,939</b>	<b>54,135</b>	<b>0</b>	<b>54,135</b>

<b>Total Resource and Capital</b>	<b>209,640</b>	<b>181,632</b>	<b>179,062</b>	<b>181,632</b>	<b>190,292</b>	<b>-15,579</b>	<b>174,713</b>
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ECONOMY					
AME – RESOURCE					
Budget Expenditure Line for Sponsored Bodies Pensions		2023-24	2023-24	Changes	2024-25
		Final Budget Restated	Indicative Final Budget Restated		Draft Budget
		Feb-23	Feb-23	Dec-23	
		£000s	£000s	£000s	£000s
Amgueddfa Cymru - National Museums of Wales Pension Provision – AME		15,000	15,000	0	15,000
National Library of Wales Pension Provision – AME		9,000	9,000	0	9,000
<b>Action:</b>	<b>Museums and Libraries Pensions</b>	<b>24,000</b>	<b>24,000</b>	<b>0</b>	<b>24,000</b>
Sport Wales Pension Provision – AME		5,000	5,000	0	5,000
<b>Action:</b>	<b>Sports and Physical Activity</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>
<b>Total</b>	<b>Culture, Arts and Sports Budgets</b>	<b>29,000</b>	<b>29,000</b>	<b>0</b>	<b>29,000</b>

## **ANNEX B - Action level commentary**

### **Resource**

#### ***Support for Culture and the Arts Action***

- There has been a net reduction to the Action of £10.531m from the indicative final budget 2024-25. The indicative budget for 2024-25 stands at £83.879m. The net reduction relates to reprioritisation of £10.531m funding to support wider Welsh Government priorities.

#### ***Support for the Historic Environment Action***

- There has been a net reduction to the Action of £2.587m from the indicative final budget 2024-25. The total funding per annum is at £14.942m in 2024-25. The net reduction 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 reduction to the Action of £2.461m from the indicative final budget 2024-25. The total funding per annum is at £21.757m in 2024-25. The net reduction 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 £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 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 £6.785m in 2024-25.

**Annex C - PROJECTS FUNDED BY THE MEDIA INVESTMENT BUDGET (31 November 2023)**

Project	Investment Value (£)	Nov 23 Amount recouped (£)	Net Gain/ Loss to date Nov 23 (£)	Targeted Welsh spend (£)	Welsh spend to date (£)
<b>Under Pinewood Management</b>					
Take Down	3,144,000	1,123,590	-2,020,410	1,000,000	1,089,000
Their Finest	2,000,000	2,050,000	50,000	1,300,000	1,618,000
The Collection	1,750,000	381,193	-1,368,807	5,500,000	5,187,000
Show Dogs	1,566,000	0	-1,566,000	4,737,000	4,338,000
Journey's End	850,000	631,000	-219,000	1,500,000	903,000
Don't Knock Twice	630,000	658,557	28,557	63,000	641,000
Minotaur	26,000	0	-26,000		N/A
Lionel the First	25,000	0	-25,000	N/A	N/A
<b>Total</b>	<b>9,991,000</b>	<b>4,844,340</b>	<b>-5,146,660</b>	<b>14,100,000</b>	<b>13,776,000</b>
<b>Under Welsh Government Management</b>					
Trampires	2,000,000	0	-2,000,000	1,600,000	1,621,000
Eternal Beauty	1,050,000	780,590	-269,409	1,214,000	1,255,000
Bang	350,000	0	-350,000	1,500,000	2,562,000
Tiny Rebel	318,000	30,000	-288,000	25,000	26,000
Goose Green	25,000	0	-25,000	N/A	N/A
Almost Never (formerly True Believers)	622,000	0	-622,000	2,118,000	2,118,000
Six Minutes To Midnight	750,000	660,870	-89,129	3,880,000	3,520,000
<b>Total</b>	<b>5,115,000</b>	<b>1,471,460</b>	<b>-3,643,538</b>	<b>10,337,000</b>	<b>11,102,000</b>
<b>Overall Total</b>	<b>15,106,000</b>	<b>6,315,800</b>	<b>-8,790,200</b>	<b>24,437,000</b>	<b>24,878,000</b>

**Annex D - WELSH SCREEN FUND INVESTMENT (as of 6 December 2023)**

Financial Year of Offer	Name of Production Company (SPV)	Production Title (Wales Screen Fund)	Value of Offer £m	Anticipated Spend £m
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
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
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
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
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	Road & 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
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	0.5	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 Domsday / Super Volcano	Wildflame	0.07	0.416
2022/2023	Black Cake	CBS UK Productions/Kapital Ent.	0.75	10
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	0.4	5.2
2023-2024	Newffion	Ceidiog	0.4	0.24
2023-2024	Pren ar a Bryn / Tree on a Hill	Fiction Factory	0.5	6.262
2023-2024	The Way	Little Door / Red Seam	0.51	5.282
2023-2024	Lost Boys and Fairies	Duck Soup Films	0.5	5.148
2023-2024	Creisis	Boom Cymru	0.169	2.038
2023-2024	Until I Kill You aka Delia	World Productions	0.2	2.615
2023-2024	The Rubbish World of Dave Spud S3	Illuminated Productions Ltd	0.12	1.148
2024-2025	Men Up	Boom Cymru	0.15	1.95
2024-2026	Bad Wolf Slate Funding	Bad Wolf Productions	4	60
2024-2025	Mini Buds	Bumpy Box (*repayment)	0.13	0.47
<b>TOTAL (excluding withdrawn offers* and new wider funding May 2022)</b>			<b>50.819</b>	<b>592.444</b>

## Annex E – BAD WOLF STUDIOS INVESTMENT (31 November 2023)

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	669,250	-	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>669,250</b>	<b>3,742,412</b>	<b>154,074,843</b>	<b>133,496,087</b>

# Local Government and Housing Committee

**Date: 18 January 2024**

**Time: 10:30 – 12:00**

**Title: Welsh Government Draft Budget Scrutiny 2024-25**

## Introduction

1. The Draft Budget includes spending plans for 2024-25 which make changes to the indicative budgets published as part of the 2023-24 Final 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 19 December 2023.
2. Annex A provides a breakdown of the relevant Draft Budget figures for the Finance and Local Government Main Expenditure Group (MEG) by Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.

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

	<b>2024-25 Indicative Budget £'000</b>	<b>2024-25 Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>
Revenue	4,772,398	4,797,913	25,515	0.5%
Non Cash	0	0	0	
<b>Total Resource</b>	<b>4,772,398</b>	<b>4,797,913</b>	<b>25,515</b>	<b>0.5%</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>

## Changes between 2024-25 Indicative and Draft Budgets

3. In preparing this Draft Budget we have had to make some incredibly difficult decisions to re-focus our spending plans on essential public services including the NHS. We have reshaped the indicative spending allocations within our budget to provide extra funding and protection for the services which matter most to people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services. Spending more in some areas means there is less to spend in other areas.
4. Local authorities deliver a wide range of public services, often to the most vulnerable in our society or those who are economically disadvantaged. These include significant services for children, through education and social services and a wide range of services for adults who may be facing challenges in their everyday lives, through social services, housing support and other community services. Sixty-six per cent of local authority resources are directed to education and social services. We have therefore protected the local government settlement i.e. the combination of Revenue Support Grant and non-domestic rates otherwise known as “aggregate external funding (AEF) by maintaining the planned 3.1% increase between 2023-24 and 2024-25. This is set out in the table below:

	<b>2023-24 (£000s)</b>	<b>2024-25 (£000s)</b>
RSG Budget	4,504,170	4,555,704
plus share of NDR	1,020,978	1,137,861
Less specified bodies and funding for child burials	-5,258	-5,174
<b>AEF in budget</b>	<b>5,519,890</b>	<b>5,688,391</b>
%change		<b>3.1%</b>

5. In order to contribute towards wider Welsh Government pressures, the Finance and Local Government MEG has made savings of **£19.857m** from indicative RDEL budgets in 2024-25. Further savings have also been made to meet additional pressures within the MEG associated with Senedd Reform; implementation of the Social Partnership Bill; and the proposed Visitor Levy to take forward changes to Land Transaction Tax. Allocations from reserves have also been made in respect of:

- Non-Domestic Rates – Rates Relief – £60.295m
  - Non-Domestic Rates Multiplier – £18m
  - Cost of borrowing – £2.235m
  - Floor funding for the Revenue Support Grant – £1.3m
6. The Revenue Support Grant has been reduced by £37m (see paragraph 7 below) mirroring the increase to the non-domestic rates forecast with no impact on the overall unhypothecated funding (AEF) available to local authorities. These changes result in an **overall uplift of £25.208m** to the MEG in 2024-25 compared to the indicative budget. The changes made against the 2024-25 indicative budgets are set out in the following table with additional narrative information provided below.

## Overview of budgetary changes

BEL	BEL description	Indicative 2024-25 Position	2024-25 changes	Revised 2024-25 Position
840	Local Govt Gen Rev Funding	4,574,436	-17,432	4,557,004
875	Non-Domestic Rates - Rates Relief	27,700	51,030	78,730
860	Police General Revenue Funding	112,349	-18	112,331
885	Local Govt PFI Revenue Consequences	2,596	-	2,596
887	Transformation & Legislation	7,584	-910	6,674
940	Non-Domestic Rates Collection Costs	5,172	-	5,172
1600	Emergency Financial Assistance (Ukraine)	20,000	-15,500	4,500
1600	Emergency Financial Assistance	1	-	1
1500	Valuation Office Agency Services	8,561	8,439	17,000
1540	Valuation Tribunal for Wales	1,074	826	1,900
1550	Local Taxation Research & Reform	4,800	-	4,800
1440	Local Democracy and Boundary Commission	750	480	1,230
1462	Local Government Democracy	126	-	126
1463	Election Policy	4,500	-1000	3,500
1571	Improvement & Support	941	-300	641
7093	Academi Wales	1,134	-100	1,034
1574	Community and Town Councils	144	-	144
1575	Public Services Boards	530	-	530
<b>Total Local Government</b>		<b>4,772,398</b>	<b>25,515</b>	<b>4,797,913</b>
1576	Ystadau Cymru	800	-300	500
6775	Care Inspectorate Wales	15,058	-	15,058
6775	Care Inspectorate Wales (Non-cash)	31	-5	26
6785	Health Inspectorate Wales	4,945	-	4,945
6785	Health Inspectorate Wales (Non-cash)	99	-10	89
6280	Estyn Programme Expenditure	15,893	-	15,893
6280	Estyn Programme Expenditure (Non-cash)	200	-	200
4028	Cost of Borrowing	12,139	2,235	14,374
6990	Commercial Procurement Programme Funding	2,368	283	2,651
7096	e-Procurement	3,650	-150	3,500
7090	Welsh Revenue Authority	7927	304	8,231
7090	Welsh Revenue Authority (Non-cash)	228	-	228
7092	Devolved Taxes	749	-100	649
6667	Economic Research	226	-20	206
6665/6666	Invest to Save	6,603	-2,544	4,059
<b>Total budget outside Local Government</b>		<b>70,916</b>	<b>-307</b>	<b>70,609</b>
<b>MEG Total</b>		<b>4,843,314</b>	<b>25,208</b>	<b>4,868,522</b>

## Local Government General Revenue Funding

7. There is a reduction on the face of the budget to this BEL of **£17.432m**, this is the result of a reduction of £37m to the baseline for RSG coupled with an allocation of £18m to support the freeze of the Non-Domestic Rates Multiplier (which also forms part of the Local Government Settlement).
8. Whilst there has been a **reduction of £37m** to the baseline for RSG, this is offset by the increase in the contribution from non-domestic rates which forms part of overall the settlement, maintaining the 3.1% increase in the settlement that was indicatively given as part of the 2023-24 Final Budget. An additional £1.3m has also been allocated to the BEL to provide funding for a floor to ensure no local authority receives less than a 2% increase in settlement.
9. The **allocation of £18m** will be made to cover the cost of capping the increase in the non-domestic rates (NDR) multiplier. The NDR multiplier will increase by 5%, rather than by CPI (6.7%). The NDR multiplier applies to all properties that pay rates in Wales.
10. The NDR multiplier in Wales will increase from 0.535 to 0.562 in 2024-25.

## Non-Domestic Rates Relief

11. The Non-Domestic Rates - Rates Relief BEL has **increased by £51.030m**. This is the result of an allocation of £60.295m of consequential funding as well as the transfer out of £9.265m to the Valuation Office Agency (VOA) Services and Valuation Tribunal for Wales (VTW) BELs to establish a sufficient funding baseline for both bodies in future years. The transfer will support the VOA and VTW in implementing the Local Government Finance (Wales) Bill, particularly the provisions relating to regular or more frequent revaluations for council tax and non-domestic rates.
12. The allocation of consequential funding to the BEL will be added to the existing budget of £18.435m for rates relief (baseline after transfers out to VOA and VTW), this will provide 40% rates relief for retail, leisure and hospitality businesses in 2024-25. This is a reduction from the 75% Retail Leisure and Hospitality Rates Relief (RLHRR) scheme that was provided in 2023-24.
13. The RLHRR scheme will support over 26,000 ratepayers with their bills in 2024-25, continuing to some extent the support that has been provided in the years since the onset of the pandemic.

## Police General Revenue

14. The reduction to the Police General Revenue BEL is due to an increased NDR contribution in respect of the Police Settlement.

## Transformation and Legislation

15. The Transformation and Legislation BEL will be reduced by 12% per cent in 2024-25. Due to the level of savings required across the MEG this budget will release **£910k** to reprioritise against other priorities across Welsh Government. The amount released relates to uncommitted funding allocated to Academi Wales for the All Wales Graduate Programme (£310k), finance reform (£500k) and to support local democracy (£100k).
16. The reduction in funding for finance reform will reduce the funding that is available to support delivery of the reform of council tax and non-domestic rates. This may impact on the implementation of certain aspects of the Local Government Finance (Wales) Bill, if passed, but the effect of the reductions will be managed to minimise their impact.
17. Similarly, releasing funding allocated to support local democracy could mean work on aspects of implementation of the Local Government and Elections (Wales) Act 2021 will be delayed although again, the impact of the budget changes will be carefully managed.
18. A reduction in funding for Academi Wales will mean the All Wales Graduate Programme will be put on hold subject to further discussions around financial support in future budget rounds.

## Emergency Financial Assistance

19. A significant proportion of savings were identified within the Ukraine Humanitarian Response Programme which has been **reduced by £15.5m** compared to the indicative budget for 24-25. This has been possible due to the significant reduction in new arrivals as well as the success of the move on programme which has enabled us to plan to close all our initial accommodation by September 2024. The budget reduction is not reflective of a change in policy and is not expected to have any significant impacts on individuals as the remaining amount should be sufficient to deliver all the key elements of the programme and continue to support Ukrainian people to move to longer term accommodation as part of their local communities.
20. However, we recognise there continues to be risks including that the move-on rate slows or that the number of arrivals increases significantly. While we have mitigations in place to manage a slowdown in move-on rates, a significant increase in arrivals would be less manageable. We believe this scenario to be highly unlikely.



21. The revised £4.5m budget will be used to support the remaining initial accommodation until September 2024 as well as continuing to support a dedicated Contact Centre up to the end of September 2024. We will also continue to work on a pilot scheme to develop suitable hosting placements into formal lodging arrangements which will provide stability for these households if the thank you payments end – this is only likely to be suitable for a small number of households. In addition to this we will extend move on activities to the planned end of the initial accommodation estate to maximize on the number of households supported into longer term accommodation, which has supported the driving down of initial accommodation costs.
22. At this stage, our Ukraine budget does not include provision of any grant funding to local authorities to undertake move-on and integration activities. However, the UK Government has announced a £120m Homelessness Prevention Fund which is provided in lieu of year 2 and 3 tariffs in 2024-25. Wales will receive a proportionate share of this funding which will be allocated to local authorities to assist move-on, integration and to prevent homelessness. We have no confirmation on the funding methodology or amount to be allocated yet and are pressing UK Government for clarification as soon as possible. Any delay or deviation from this funding arrangement will impact our initial accommodation budget and stagnate our move-on rates as local authorities will not be able to support people into private rented sector accommodation.

### **Valuation Office Agency Services and Valuation Tribunal for Wales**

23. The transfers into these BELs are due to a reallocation of funding from the Non-Domestic Rates Relief budget (reduction of £9.265m) to establish a sufficient funding baseline for the Valuation Office Agency (additional £8.439m) and the Valuation Tribunal for Wales (additional £846k) in future years. Revised baselines will enable the delivery of local tax reforms, including the required additional demand for valuation functions as a result of provisions in the Local Government Finance (Wales) Bill, e.g. more frequent revaluations.

### **Local Democracy and Boundary Commission**

24. An **allocation of £480k** has been made as part of the 2024-25 Draft Budget to meet the additional costs associated with Senedd Reform.

## **Election Policy**

25. This budget has been reduced by **£1m** compared to the indicative budget for 2024-25; the impacts of this reduction are considered manageable.

## **Improvement and Support**

26. The **saving of £300k** against the indicative budget relates to funding that has not been committed; this saving is considered manageable without risking any adverse impacts.

## **Academi Wales**

27. The saving of £100k against the indicative budget relates to funding for Elected members programme which is due to end in 2023-24.

## **Programme for Government**

28. The Local Government Directorate supports the delivery of a number of Programme for Government commitments. No new allocations have been made to support the PfG commitments through the 2024-25 draft budget. Details of the PfG commitments and the BELs from which they are supported are set out in Annex A and B.

## **Preventative spend within this portfolio**

29. Funding provided through the revenue support grant is unhypothecated; it is for local authorities to determine priorities for its use. Providing this significant funding in this way means local authorities have the flexibility to plan, fund and deliver their services in the way that works best for their local populations.

30. 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 support work to prevent persistent problems such as poverty, health inequalities and climate change.

31. The majority of capital funding (£180m) to local authorities is unhypothecated and local authorities are free to determine best use of the funding to potentially match fund other specific capital grant schemes or to undertake other capital works. There is a separate budget of £20m for local authorities that they can use to support projects to decarbonise their estates, supporting projects from school buildings, offices to care homes. This funding works alongside other funding streams such as the Sustainable Communities for Learning programme.

## Strategic Integrated Impact Assessment

32. The SIIA continues to identify key trends, strategic and cumulative impacts at portfolio level, across a range of areas, including giving due consideration across the statutory requirements.
33. The SIIA should not be read in isolation. It should be read in conjunction with the wider draft Budget narrative and supporting documents, such as the Chief Economist's report and our updated distributional impact analysis. Following the publication of the draft Budget, we will also publish the summary of all Ministerial evidence to Senedd scrutiny committees.
34. The stark reality of the extraordinary financial circumstances we are facing has necessitated a more fundamental approach. We have re-shaped the indicative spending allocations within our budget to provide extra funding and protection for the services which matter most to people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services. We have done so in line with our priorities to:
- Protect core, frontline public services as far as possible.
  - Deliver the greatest benefit to households which are hardest hit.
  - Prioritise jobs, wherever possible.
  - Work in partnership with other public sector bodies to face this financial storm together.
  - Re-focus funding away from non-devolved areas, which the UK Government should be funding.
35. We have taken this approach to ensure we continue to focus funding where it can have the most positive impacts in the circumstances and taking action to ensure we mitigate direct impacts to people and places, as far as possible. Spending more in some areas means there is less to spend in other areas. Where hard decisions have been required, we have sought to identify those areas where the relative impacts are lesser than their alternatives and we have sought to take action to mitigate impacts as far as possible. Given the circumstances, it has not been possible to avoid negative impacts in all cases.
36. Within my own portfolio I have protected the previously planned uplift to the local government settlement. By taking this action I aim to provide authorities with funding that will enable them to protect as far as possible core funding for schools and social services, but also recognising the value of the range of other services councils provide such as refuse collections and local leisure services.
37. We have made no secret of the difficult budget decisions we have had to make in the current 2023-24 year and as part of our 2024-25 budget decisions. We still have a focus towards those areas of greatest need and therefore have maintained the indicative increase to the local government settlement, as local authorities are responsible for many frontline services on which people depend. However, we are well aware that the ongoing impact of persistently high inflation,

pay pressures, high energy prices and rising demand for services place significant pressures on local authorities. In taking their own decisions about budgets, prioritisation and transformation of services, authorities will be assessing the impact on different groups of service users through their own local impact assessments. The scale of the financial challenges mean that councils will also have to take some very difficult decisions and there will be negative impacts for some service areas due to these ongoing financial pressures.

38. I have also provided additional support through Non-Domestic Rates Relief and have made allocations to the Local Democracy and Boundary Commission to support Senedd Reform as well as allocations to the Valuation Office Agency and the Valuation Tribunal for Wales (VTW) to support delivery of reforms to the local taxes.
39. In its Autumn Statement, published on 22 November 2023, the UK Government announced an increase to the Welsh Government's RDEL of just £167m in 2024-25; this is despite the NHS and local authorities reporting acute challenges. As a result of the constraints on our finances we have been unable to allocate any additional support to local authorities through the Revenue Support Grant in 2024-25. While there has been a reduction of £37m to the baseline for RSG, this is offset by the increase in forecast revenue from non-domestic rates which forms part of overall the settlement. This means that the settlement increase from 2023-24 remains 3.1%.
40. The Welsh Local Government Association has estimated financial pressures of £411m, taking account of this planned increase and an assumed council tax increase of 5%. Local authorities make decisions locally on how the local government settlement is spent. They are subject to their own requirement to complete impact assessments, including equality and children's rights assessments, as well as considering the Wellbeing of Future Generations Act when making decisions. Local authorities deliver a wide range of public services, and these are often to the most vulnerable in our society or those who are economically disadvantaged. Key services include social care, education, and homelessness. In particular, local authorities provide significant services for children through education and social services. They also provide a wide range of services for people with a protected characteristic.
41. The biggest element of a local authorities' costs is staff therefore given the spending and demand pressures and constrained financial envelope there is likely to be pressures on staff number. Currently there are approximately 128,000 people employed by local authorities. On average, every £20m of savings if translated directly into the wage bill would equate to some 400 jobs. This number would be greater if the savings were concentrated on those in lower paid jobs, for example care workers or teaching assistants. Alternatively, if core services were protected, job losses may be disproportionately concentrated in non-statutory services. Impacts will vary between local authorities depending on the local choices made by councillors in their budget processes, the ability of the organisation to make savings, transform services and use reserves; and of course the willingness and ability to increase the level of council tax.

42. Whilst local authorities hold reserves, many of these will be committed to specific purposes. Local authorities may consider using some of their general reserves or repurposing earmarked reserves for short-term non-recurrent spending to support service transformation or radical service redesign to reduce cost or improve efficiency. This can include working together or with other partners.
43. We have taken the decision to cap the increase to the non-domestic rates multiplier for 2024-25 to 5%, at a recurring annual cost of £18m. This is lower than the 6.7% increase that would apply to bills if the multiplier were increased in line with default position of using CPI. All ratepayers who do not already receive full relief benefit from this cap to the multiplier. This is the maximum level of support affordable using all of the consequential funding which came to Wales as a result of decisions announced in the UK Government's Autumn Statement.
44. Almost half of ratepayers, including thousands of small businesses across Wales, will not be affected by an increase in the multiplier, as our generous system of full reliefs mean they do not pay rates at all.
45. We will also be investing an additional £78m to provide a fifth successive year of support for retail, leisure and hospitality businesses with their non-domestic rates bills. This builds on the almost £1bn of support provided through our retail, leisure and hospitality rates relief schemes since 2020-21. Eligible ratepayers will receive 40% non-domestic rates relief for the duration of 2024-25. As in previous years, the relief will be capped at £110,000 per business across Wales.
46. Together with our continued provision of transitional relief for ratepayers following the 2023 non-domestic rates revaluation and new reliefs for ratepayers investing in property improvements and renewable energy, our rates measures will provide £134m of support for 2024-25. This is in addition to our fully-funded permanent relief schemes, which are worth £250m to businesses and other ratepayers every year. Every ratepayer will benefit from this package.

## **Climate Change and Net Zero Wales**

47. The local government capital budget is unchanged compared to the indicative budget for 2024-25. £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. Procurement choices are a significant driver of carbon emissions and Local Authorities will need to consider how to use their core spending as well as specific funding to continue to work towards net Zero.

## **Gypsy, Roma and Travellers and Ukrainian arrivals**

48. 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.
49. Our draft budget in 2024-25 contains a revenue budget of £4.5m within the Emergency Financial Assistance BEL to continue to support our emergency response to the humanitarian crisis in Ukraine. This funding will continue to provide initial accommodation and wrap around support for those that have already arrived in Wales as well as to those who may continue to arrive during 2024-25.
50. Within the Social Justice MEG the Gypsy Traveller Sites capital budget is £3.449m for 2024-25 which is unchanged from the indicative budget published in March 2023. The budget covers the development of new sites, site extensions and refurbishment projects at local authority owned sites across Wales.

EXTRACT FROM FINANCE AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)					
RESOURCE					
Budget Expenditure Line	2024-25 Indicative Budget	2024-25 Draft Budget	Change	% Change	Programme for Government commitments
	£000s	£000s	£000s	£000s	
Local Govt General Revenue Funding	4,574,436	4,557,004	(17,432)	-0.4%	
Non-Domestic Rates Rates Relief	27,700	78,730	51,030	1.8%	
Police General Revenue Funding	112,349	112,331	(18)	0.0%	
Local Govt PFI Revenue Consequences	2,596	2,596	-	0.0%	
Transformation & Legislation	7,584	6,674	(910)	-12.0%	Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services. Expand our Access to Elected Office programme.
Non-Domestic Rates Collection Costs	5,172	5,172	-	0.0%	
Emergency Financial Assistance	20,001	4,501	(15,500)	-0.8%	
<b>Action: Funding Support for Local Government</b>	<b>4,749,838</b>	<b>4,767,008</b>	<b>17,170</b>	<b>0.4%</b>	
Valuation Office Agency Services	8,561	17,000	8,439	98.6%	Seek to reform council tax to ensure a fairer and more progressive system.
Valuation Tribunal for Wales	1,074	1,900	826	76.9%	
Local Taxation Research & Analysis	4,800	4,800	-	0.0%	
<b>Action: Valuation Services</b>	<b>14,435</b>	<b>23,700</b>	<b>9,265</b>		
<b>SPA: Local Government Funding</b>	<b>4,764,273</b>	<b>4,790,708</b>	<b>26,435</b>		
Sponsorship of the Local Democracy and Boundary Expenditure to Promote Local Democracy	750	1,230	480	64.0%	
Election Policy	126	126	-	0.0%	
Election Policy	4,500	3,500	(1,000)	-22.2%	Reform local government elections to reduce the democratic deficit.
<b>Action: Building Local Democracy</b>	<b>5,376</b>	<b>4,856</b>	<b>(520)</b>	<b>-9.7%</b>	
Improvement & Support	941	641	(300)	-31.9%	Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services.
<b>Action: Local Government Improvement</b>	<b>941</b>	<b>641</b>	<b>(300)</b>	<b>-31.9%</b>	
Academi Wales	1,134	1,034	(100)	-8.8%	
<b>Action: Academi Wales</b>	<b>1,134</b>	<b>1,034</b>	<b>(100)</b>	<b>-8.8%</b>	
Community and Town Councils	144	144	-	0.0%	Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services.
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>8,125</b>	<b>7,205</b>	<b>(920)</b>	<b>-11.3%</b>	
<b>EXTRACT FROM FINANCE AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)</b>	<b>4,772,398</b>	<b>4,797,913</b>	<b>25,515</b>	<b>0.5%</b>	

## **Programme for Government**

### **Seek to reform council tax to ensure a fairer and more progressive system –**

Following a Phase 1 consultation on a fairer council tax in the summer of 2022, I published the summary of responses on 16 December, along with an outline of the next steps. I provided further detail in a statement on 2 May. On 14 November, I launched a Phase 2 consultation seeking views on the scale and pace of reform. Provision for this work is made through the Local Taxation Research and Reform BEL.

Alongside my plans for reforming the council tax system, I set out my plans for reforming the non-domestic rates system on 2 May. I introduced the Local Government Finance (Wales) Bill on 20 November: this includes provisions which will enable improvements to both local taxes and ensure they are better tailored to the needs of Wales. Provision for this work is made through the Local Taxation Research and Reform BEL and through the Valuation Office Agency and Valuation Tribunal for Wales BELs.

### **Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services –**

This Programme for Government commitment is being 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. 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 Reform BEL.

**Reduce the Administrative burden on local authorities –** Following engagement with local government, hypothecated grants were identified as the most pressing administrative burden to be addressed. Work is underway across all Ministerial portfolio areas to identify grants which can be rolled into RSG, grants which can be amalgamated and opportunities for reducing the reporting burden on these and any other remaining grants. There are no funding implications arising from this work.

### **Explore and 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 on changes to the local taxes to help local authorities in managing the impact of second homes and self-catered accommodation in their areas. The resulting changes came into effect on 1 April 2023. The Valuation Office Agency and Local Taxation Research and Reform BELs include provision for implementing the changes and monitoring the impact on 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 2023 we introduced the Elections and Elected Bodies (Wales) Bill, which takes forwards the proposals in our 2022 White Paper on electoral reform and administration that were supported in our consultation and require primary legislation. These include improved accessibility to the electoral system by electoral registration without registration, establishing an Elections Information Platform and establishing an Electoral Management Board. We have also developed the next stage of our direct engagement support as a new multi-year grant proposal to support work of local authorities and the third sector to build Wales's democratic health. 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** – Provisions to deliver an access to elected office fund and other forms of support to candidates with protected characteristics are included in the Elections and Elected Bodies Bill. Should this Bill receive Royal Assent, any costs arising from commencing implementation 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** – This commitment is now delivered and complete. Corporate Joint Committees are now established. 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 commitment is complete and delivered. A new performance and governance regime was put in place by the Local Government and Elections (Wales) Act 2021. Ongoing 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.



**Keep regional partnership working under review with local partners** – Following extensive discussions with partners and partnerships a report containing several recommendations has been agreed and published by the Partnership Council for Wales. This report is being prepared for publication at which point the commitment will be delivered and complete.

**Explore how the establishment of a National School for Government might contribute to the principle of a One Wales Public Service** – Significant engagement with a range of stakeholders has taken place to ensure a full exploration of options for a National School for Government. A reference group has been established to test emerging insight and recommendations as they develop. This commitment will be delivered and complete upon the submission of a business case in early 2024, with no funding implications arising, the work having been funded through the Academi Wales BEL.

**Reinvigorate our twinning relationships across the EU through a Young People's Twinning Fund** – A survey to establish current levels of twinning across Wales was conducted across local government. Given the current financial context, and the existence of similar programmes (eg Taith), further activity on this commitment has been paused until 2025, when options will be considered. Work to date has been funded through the Academi Wales BEL, but if a fund is to be introduced in 2025-26, additional funding may need to be identified at that stage.

# Local Government and Housing Committee

**Date:** 18 January 2024

**Title:** Welsh Government draft budget scrutiny 2024-25

## Introduction

1. The Draft Budget includes spending plans for 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 xx December 2023.
2. Annex A provides a breakdown of the relevant Draft Budget figures for Climate Change - Housing & Regeneration by Spending Programme Area, Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.

## Financial Tables

CCRA – Housing & Regeneration

SUMMARY £000s	2023-24 Final Budget Feb 2023 Restated	2024-25 Indicative Final Budget Feb 2023 Restated	Budget Reductions / Allocations	2024-25 Changes	2024-25 Draft Budget December 2023
Resource	249,648	256,148	-27,000	-6,800	222,348
Capital	921,630	940,309	0	-37,330	902,979
<b>Total Resource &amp; Capital</b>	<b>1,171,278</b>	<b>1,196,457</b>	<b>-27,000</b>	<b>-44,130</b>	<b>1,125,327</b>
<b>Total AME</b>	<b>-3,035</b>	<b>-2,527</b>	<b>0</b>	<b>0</b>	<b>-2,527</b>
<b>TOTAL BUDGET</b>	<b>1,168,243</b>	<b>1,193,930</b>	<b>-27,000</b>	<b>-44,130</b>	<b>1,122,800</b>

*\*No additional 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

3. The Housing & Regeneration 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 whilst also seeking to protect front line services that protect the most vulnerable in our society. Details of the allocations and the PfG commitments they support are provided throughout this paper.
4. A Strategic Integrated Impact Assessment was published alongside our Draft Budget on 19 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.

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Homelessness Support & Prevention	Resource	214,910

5. A decent, safe and affordable home is the foundational pillar for people's health and well-being, and to support people to prosper and thrive. Our focus therefore remains on ensuring everyone has access to such a home, and on our long-term goal of ending homelessness, by making it rare, brief and unrepeatable. In order to achieve this goal, fundamental reform of homelessness services to focus on prevention and rapid rehousing is required and is a key priority in the Programme for Government and part of the co-operation agreement with Plaid Cymru. Reform of the Housing system offers the opportunity to contribute significantly to a fairer and more equal Wales.
6. In support of this goal a White Paper on ending homelessness was published on 10 October 2023, which sets out the legislative and policy reform required to transform services to focus on prevention and rapid rehousing. Continued significant investment in homelessness prevention delivers on key policy objectives, in particular tackling poverty and disadvantage, improves outcomes for individuals and families, and reduces pressures on other public services. The continued and increased focus on preventative measures through the Housing Support Grant (HSG) and wider homelessness prevention funding is therefore vital.
7. The HSG is the main homelessness prevention grant and assists people with a range of support needs to live independently and sustain tenancies, thus reducing pressures on other public services (particularly health and social care). Despite the extremely challenging overall budget position we have protected the HSG and maintained our investment in the services it supports. 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.

8. 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 HSG helps to maintain the 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, including refuge provision, 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.
9. Ensuring that we meet the needs of diverse ethnic minority people is also important given disproportionate impact of homelessness on some ethnic minority people. Other vital services we continue to support through the HSG include supported accommodation provision (including for young people and older people) and floating support for people to live independently with a range of needs including learning disabilities, mental ill-health, substance use issues, and groups who often need additional support including care leavers, refugees and older people.
10. 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. 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. The continued focus on preventative measures through the Homelessness Prevention Grant and Housing Support Grant to keep people in their homes are therefore vital long-term cost saving measures.
11. 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.
12. Achieving transformational change is ultimately therefore about the need to shift resources to alleviate pressure and demand from elsewhere in the system.
13. Additional revenue funding of £2m across the homelessness and housing support budget, building on the additional investment in 2023-24, will boost investment in homelessness prevention and relief interventions across Wales and support our continued transformation of homelessness services ahead of the wider legislative reform. We know the cost-of living crisis has meant presentations to homelessness

services remain high and we currently have 11,228 people in temporary accommodation across Wales, including 3,409 dependent children (at September 2023).

14. The continued and slightly increased investment in the Homelessness Prevention and Support Budget will therefore support local authorities with increasing homelessness prevention measures to try and reduce the flow of people needing temporary accommodation. The increase of £2m is reduced from £5m in the indicative budget reflecting the incredibly challenging budget setting round this year. Officials will work with the sector, to ensure that the funding is utilised in ways that have the greatest preventative impact.
15. We have bought together funding previously split across two BELS (Housing Support Grant and Homelessness Prevention) to provide a single fund with a common theme of preventing homelessness and supporting the statutory duties of Local Authorities in this regard. Bringing the BEL lines together supports our policy intention to support progression toward prevention and Rapid Rehousing. As well as the HSG the BEL supports funding for temporary accommodation as we transition to rapid rehousing; support for Local Authorities to fund posts to coordinate homelessness activities and a range of flexible approaches to prevent homelessness.

Of the funding allocated to the Homelessness Support and Prevention BEL in 2023-24, **£2.63m** 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”***. Our national leasing scheme is operational across Wales, which seeks to improve access to longer term affordable housing in the private rental sector. Local authorities are able to use the scheme to discharge their homelessness and prevention of homelessness duties. Property owners are 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.

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Housing Policy	Resource	1,368

16. £1.368m 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.
17. We have supported ***“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..

Over 1,000 landlords/agents have completed this training module. We will be developing an anti-racism action plan for use in the Private Rented Sector which we aim to publish before the end of 2024..

18. Revenue funding of **£0.6m** will continue to 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**” and a number of Cooperation Agreement commitments. This funding 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 are 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). That funding, £400k runs from FYs 23/24 – 25/26 and is intended to support the evaluation and shared learning across Local Planning Authorities in Wales.
  
19. 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.
  
20. 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.
  
21. 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 implemented changes to local taxes for second homes and self-catering accommodation (council tax premiums and non-domestic rate thresholds), brought into effect key changes to the changes to the planning system and are continuing work on regional variation to Land Transaction Tax. 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.

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Private Rented Sector	Capital	1,500

22. 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 17 of the 22 Local Authorities currently signed up. The scheme is directly delivery 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**.

23. Under the scheme, property owners lease their properties to the local authority in return for a rent guarantee (set at the relevant Local Housing Allowance rate) 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 2,000 properties across Wales (based on the 17 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.

24. 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.

25. As the scheme provides a long term home for individuals, there are wide ranging benefits that come from that, including physical and mental health as it provides

stable 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.

26. 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.

27. 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.

28. 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.

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Independent Living	Capital	19,500
	Resource	5,103

29. Adaptations are an effective preventative investment to support independent living and 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 the quality of life and wellbeing for individuals, their families and carers.

30. The Independent Living Programme supports a range of activity:

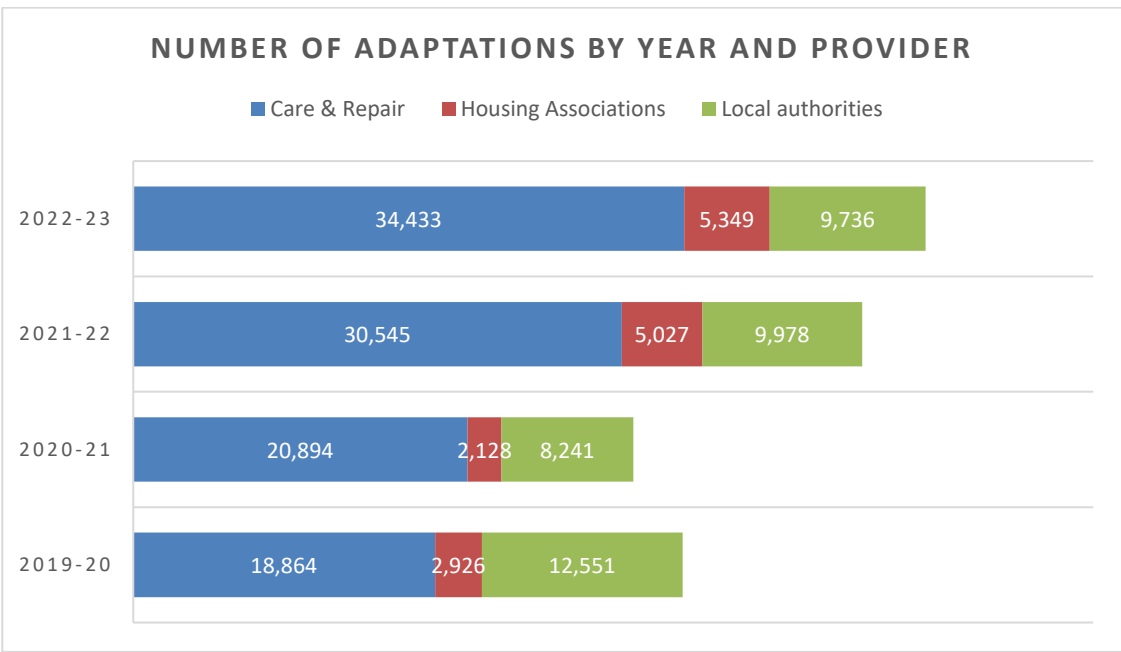
- We will maintain our capital funding for local authorities under the **Enable** programme so they can provide medium-sized adaptations, such as stair lifts and downstairs level entry wet rooms, without applying a means test, as would be required for a Disabled Facilities Grant.

- 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 the NHS and reduces 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.

31. 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.

32. 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.

33. 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 record the number of adaptations provided each year. The following chart shows how demand has increased in the past 4 years:



\*2022-23 data has not yet been cleansed and is indicative only.

34. Regional Partnership Boards (RPBs) provide additional funding for adaptations, equipment and assistive living technology in their regions through the Housing with Care Fund, both through their discretionary funding and £3m set aside to support local authority Disabled Facilities Grants..



Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Building Safety	Resource	4,500
	Capital	127,270

35. Building Safety is a priority for the Welsh Government. It is critically important that residents feel safe and secure in their homes.

36. 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.

37. The Welsh Building Safety Programme has two distinct areas of work:

<ul style="list-style-type: none"> <li>addressing fire safety issues in buildings of 11 metres and over in our existing building stock</li> </ul>
<ul style="list-style-type: none"> <li>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.</li> </ul>

38. 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.

39. However, despite these challenges it was recently confirmed that all residential buildings of 11 metres or over in Wales have a route to remediation. This is not limited to cladding, and Wales is the only nation able to make this claim.

40. Since the launch of the Welsh Building Safety Fund in September 2021, 194 buildings have been identified which require an intrusive survey. Surveys, paid for by the Welsh Government, 169 have been completed to date. The remaining 25 buildings require licenses to enable access, which are in the process of being arranged.

41. 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 a formal contract.

42. Eleven major UK developers have signed up to the contract, which commits them to undertake life critical fire safety issues in residential buildings of 11 metres and over in height, which have been developed over the last 30 years.

43. These contracts identify 130 buildings, of which 110 so far have been confirmed to require work. Works have commenced on 34 buildings, with a further 34 buildings scheduled to begin in 2024.
44. Work has also been undertaken to consider how smaller developers, who may not be able to cover the full costs of remediation can be supported. This includes consideration of the wider social and economic benefits these companies bring to the communities in which they operate when considering their ability to contribute to works.
45. In Wales, a further 31 buildings to date have been identified as orphan, where the developer has ceased trading, cannot be identified, or the building was constructed more than 30 years ago. In these cases, there is no developer to contribute to the works and this cost is met in full by the Welsh Government. Works have commenced on three of these buildings, and detailed work schedules are being developed for other buildings in this cohort.
46. Finally, work to remediate social sector buildings continues. A further £39 million has been allocated to this workstream. In total, 131 buildings have / will benefit from this funding.
47. As works can take time, 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.
48. To date there have been 22 applications to the scheme. Eleven have been eligible, and two sales have been completed. Seven applicants are currently proceeding through the property purchase process, one applicant is supplying further information to their case handler, and one is under review.
49. The need for a Leaseholder Support Scheme is due to the difficulty some leaseholders face when selling flats affected by fire safety issues. However, in December 2023, the Royal Institution of Chartered Surveyors are publishing their updated cladding valuation guidance to include Wales. This guidance will be a major step in providing consistency and transparency in the valuation process for flats affected by cladding issues.
50. The updated guidance will assist valuers and lenders in their decision making, which in turn, will reduce friction and delay for home buyers, sellers and leaseholders wishing to remortgage their homes.
51. Further to the Leaseholder Support Scheme, support is also being made available to leaseholders in a new scheme to provide independent legal advice for those who have concerns over the fire safety of their building and the works being undertaken to remediate them.

52. Leaseholders will be able to access this advice through the Leaseholder Advisory Service who will signpost leaseholders to free specialist legal advice. This new service will help prevent costly disputes and delays. The legal advisors are currently being procured, with a view to launch this service in 2024.

53. A Joint Inspection Team working in partnership with current enforcement agencies will provide another route to improve building safety for residents. A limited company has been established to host the Joint Inspection Team and recruitment has been commenced. Work has commenced with local authorities and Fire and Rescue Authorities to establish an inspection methodology and programme of buildings for inspection.

54. 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.

55. The Building Safety (Wales) Bill, which will be introduced later during this Senedd term, will result in a new building safety regime for multi occupied residential buildings in Wales during their occupation phase. Broadly, the intention is to build on the proposals set out in the “Safer Buildings in Wales” white paper consultation to:

<ul style="list-style-type: none"> <li>Establish a robust and coherent regulatory system, which will hold those responsible to account and ensure accurate, up to date information is held on all buildings in scope.</li> </ul>
<ul style="list-style-type: none"> <li>Set in place clear lines of accountability and responsibilities for those who own and manage multi-occupied residential buildings.</li> </ul>
<ul style="list-style-type: none"> <li>Review Fire Safety Order requirements for domestic dwellings and place the resident voice and resident engagement at the heart of the reforms.</li> </ul>

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Major Repairs Allowance & Dowry Gap Funding	Capital	108,000

56. Welsh Government, together with social landlord delivery partners, have invested billions of pounds to significantly improve and maintain the quality of social homes across Wales over the last two decades following the introduction of the original

WHQS standard. By 2022, all social housing in Wales has met the challenging Standard and social landlords continue to maintain that Standard today.

57. A new version of the WHQS standard was launched in October 2023. This new standard builds on the excellent achievements of its predecessor, keeping anti-poverty requirements at its heart, improving energy efficiency, with the aim of putting more money in tenant's pockets and supporting their comfort and well-being. In the face of the cost-of-living crisis and climate change emergency we cannot stand still, and we must continue to push progress and set standards to address decarbonisation through a variety of measures in existing social housing. The current Welsh Housing Quality Standard has already improved the energy efficiency of social homes, which is a significant benefit in the current cost of living crisis. WHQS 2023 builds on this while continuing to ask for more on energy efficiency.
58. The new standard focusses on more than just decarbonisation though with the introduction in the standard for suitable flooring to be provided throughout the home at each new tenancy if required and the introduction of water efficiency standards, encouraging landlords to consider biodiversity opportunities across the land that they own and manage.
59. £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.
60. WHQS2023 focuses on decarbonisation of social housing whilst WG's Optimised Retrofit programme facilitates 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.
61. 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.

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Residential Decarbonisation & Quality	Resource	1,673
	Capital	92,000



62. 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.

63. Revenue funding is being used to support the Housing Net Zero Performance hub which provides independent support for the Welsh housing sector. The hub will be run as a 'For Good' business model and:

<ul style="list-style-type: none"> <li>• bring together expertise in research and development in the fast moving field of decarb;</li> </ul>
<ul style="list-style-type: none"> <li>• provide technical know-how;</li> </ul>
<ul style="list-style-type: none"> <li>• retrofit advice and expertise specific to housing;</li> </ul>
<ul style="list-style-type: none"> <li>• allow access to suitable qualified individuals and SMEs certified to carry out surveys and decarb activity; and,</li> </ul>
<ul style="list-style-type: none"> <li>• 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.</li> </ul>

64. 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.

65. Our investment in this area (both revenue and capital) 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”***.

66. Capital funding will predominantly be used to support the social housing sector, through the Optimised Retrofit Programme. Our ambition is to ensure all social housing landlords participate in this scheme so that they can integrate the decarbonisation agenda within their planned maintenance programmes to support and facilitate this we have moved the ORP from a competitive based scheme to a formula funded scheme, and for the previous two financial years (2022/23 and

2023/24) and the coming financial year (2024/25) have provided indicative allocations to landlords to support their planning processes.

67. The ORP programme will offer gap funding to landlords to help facilitate the decarbonisation of the housing stock. This is a key budget area as funding contribution is directly to delivery of 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 as well as impacting the progress towards WHQS 2023 decarbonisation measures.
68. The continued grant funding will mean the tools, strategies and foundational economy benefits started by the 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.
69. 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.
70. 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.

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Land Release Fund	Resource	2,250*
	Capital	25,000**

\*Excluding BEL Repayment Income of £3.800m

\*\*Excluding BEL Repayment Income of £9.361m

71. The revenue funding and the additional £100k for 24/5, will support Land Division to meet its the ministerial ambition of increasing the provision of affordable/social housing across Wales and to deliver "Exemplar Sites" within its land portfolio. The Capital and Revenue funding is essential to enable a steady stream of land to be realised over the next 5 years to deliver circa 2,600 quality affordable units.

72. The budget as indicated (revenue and capital) 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.
73. 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.
74. 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.
75. This capital funding is supporting delivery of *20,000 homes for rent in the social sector* 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 up to 50% affordable homes and mandating space standards and driving innovation in low carbon energy solutions and Modern Methods of Construction. The capital funding will also help to ensure there is a pipeline of sites available to continue to drive forward the delivery of affordable homes on public sector land, especially in areas where market failure may have been a barrier to delivery.
76. 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.
77. 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.

78. 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

79. £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.

80. 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.

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Health and Housing	Capital	60,500

81. 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.”**

82. 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.

83. 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.

84. 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 delivery of the **20,000 low carbon social homes for rent** target.
85. 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.
86. To date, £57 million HCF funding has been approved for over 80 schemes. 32 of these schemes are residential accommodation for children with complex needs, supported with £21 million HCF funding. This investment supports our commitment to eliminating profit from the care of children. It will have a substantial and positive impact on the long term wellbeing of vulnerable children in Wales, their families and carers.

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Homebuy	Capital	4,000

87. 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.
88. Building on previous investments of £9.7m into 178 Homebuys during the last term of Government, this draft budget commits to investing a further £4m in the scheme. 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.

89. 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**. Homebuy will form part of the package to address issues of affordability through targeting and tailoring existing housing programmes. In 2022/23, we invested £2.5m in Homebuy which supported 35 Homebuys across Wales including 5 in the Dwyfor area.

90. 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. Homebuy is 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.

91.

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Social Housing Grants*	Capital	325,000*

*\*Excluding Financial Transaction Capital of £40.000m*

92. Welsh Government has made a Programme for Government commitment to deliver 20,000 homes for rent in the social sector 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.

93. 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.

94. We have implemented the Standard Viability Model (SVM) to enable a focus on value for money. However, given the current economic pressures, each scheme within the programme has a much higher financial viability gap and grant levels have increased significantly.

95. Social Housing Grant:

<ul style="list-style-type: none"> <li>Delivers high-quality, warm secure and energy-efficient homes for people who need them most, helping reduce fuel poverty.</li> </ul>
<ul style="list-style-type: none"> <li>Supports the foundational economy, construction industry and supply chain in Wales, delivering training and employment opportunities, including jobs and apprenticeships.</li> </ul>

<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<ul style="list-style-type: none"> <li>• Supports older people and those with additional care requirements to avoid dependence on residential or long term care, reducing the call on the NHS.</li> </ul>
<ul style="list-style-type: none"> <li>• 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.</li> </ul>

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Market Housing and Other Schemes	Capital	25,000*

*\*Excluding Financial Transaction Capital of £40.000m & Repayment Income of £2.830m*

96. An allocation for the National Empty Homes Grant Scheme will contribute to the programme aim of bringing up to 2,000 empty homes back into occupation. There are currently 22,457 long term empty properties in Wales (2023-24) 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.
97. 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.
98. 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.
99. 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.

100. The scheme, whilst predominantly targeted at owner occupiers, is also available to local authorities, Registered Social Landlords and Community Housing Groups for empty properties they are acquiring to bring back into use as affordable housing.

101. 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.

Budget Expenditure Line	Fund Type	2024-25 Allocation £000s <i>Draft Budget Dec 2023</i>
Regeneration	Resource	671*
	Capital	40,000**

\*Excluding BEL Repayment Income of £14.000m

\*\*Excluding £10.000m Financial Transaction Capital

102. 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.

103. Sustainable regeneration of town centres will be achieved through three objectives:

***Focus Town Centre First***

<ul style="list-style-type: none"> <li>• Build the strongest case for ‘Town Centre First’ principles across government and the wider public sector, and provide challenge to ‘out of town’ development</li> </ul>
<ul style="list-style-type: none"> <li>• 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</li> </ul>

***Deliver positive change for places***



- |  |
|--|
| <ul style="list-style-type: none"> <li>• Invest in infrastructure that will re-energise town centres to ensure their sustainability</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Reimagine the high street to deliver wider benefits and placemaking to support town centres both locally and in a regional context</li> </ul> |

***Build local capacity to deliver regeneration***

- |  |
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| <ul style="list-style-type: none"> <li>• Engage stakeholders across development and regeneration to test and implement fit-for-purpose town centre regeneration</li> </ul>   |
| <ul style="list-style-type: none"> <li>• 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.</li> </ul> |

104. 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.

105. 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.

106. Our investment in Regeneration will help support the delivery of the following Programme for Government commitments:

- |  |
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| <ul style="list-style-type: none"> <li>• <b><i>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.</i></b></li> </ul> |
| <ul style="list-style-type: none"> <li>• <b><i>Develop masterplans for towns and high streets.</i></b></li> </ul>  |
| <ul style="list-style-type: none"> <li>• <b><i>Empower communities to have a greater stake in local regeneration.</i></b></li> </ul>   |
| <ul style="list-style-type: none"> <li>• <b><i>Create more community green space in town centres.</i></b></li> </ul>   |
| <ul style="list-style-type: none"> <li>• <b><i>Repurpose public space for outdoor events, markets, street vendors, pop up parks and ‘parklets’.</i></b></li> </ul>   |

- ***Support the development of a register of empty buildings and help small businesses move into vacant shops.***

## Annex A

RESOURCE BUDGET			£'000		
Action	BEL No.	BEL Description	2023-24 Final Budget Feb 2023 Restated	2024-25 Indicative Final Budget Feb 2023 Restated	2024-25 Draft Budget December 2023
Homelessness Prevention	1120	Homelessness Support & Prevention	46,147	51,147	214,910
<b>Total Homelessness Prevention</b>			<b>46,147</b>	<b>51,147</b>	<b>214,910</b>
Independent Living	1100	Housing Policy	6,471	6,471	1,368
	1083	Housing Support Grant	166,763	166,763	0
	1285	Independent Living	0	0	5,103
<b>Total Independent Living</b>			<b>173,234</b>	<b>173,234</b>	<b>6,471</b>
Achieve Quality Housing	1065	Residential Decarbonisation & Quality	2,173	2,673	1,673
<b>Total Achieve Quality Housing</b>			<b>2,173</b>	<b>2,673</b>	<b>1,673</b>
Building Safety	2255	Building Safety	6,000	6,500	4,500
<b>Total Building Safety</b>			<b>6,000</b>	<b>6,500</b>	<b>4,500</b>
Increase the Supply and Choice of Affordable Housing	0984	Housing Finance Grant	13,100	13,100	4,100
<b>Total Increase the Supply and Choice of Affordable Housing</b>			<b>13,100</b>	<b>13,100</b>	<b>4,100</b>
Housing Revenue Funding	1181	Housing Programme Revenue Funding	173	173	173
<b>Total Housing Revenue Funding</b>			<b>173</b>	<b>173</b>	<b>173</b>
Land Division	6410	Land Release Fund	2,150	2,250	-1,550
<b>Total Land Division</b>			<b>2,150</b>	<b>2,250</b>	<b>-1,550</b>
Regeneration	4151	Regeneration	1,271	1,671	-13,329
	4162	Cardiff Harbour Authority	5,400	5,400	5,400
<b>Total Regeneration</b>			<b>6,671</b>	<b>7,071</b>	<b>-7,929</b>
<b>CLIMATE CHANGE HOUSING &amp; REGENERATION - TOTAL RESOURCE BUDGET</b>			<b>249,648</b>	<b>256,148</b>	<b>222,348</b>

CAPITAL BUDGET			£'000		
Action	BEL No.	BEL Description	2023-24 Final Budget Feb 2023 Restated	2024-25 Indicative Final Budget Feb 2023 Restated	2024-25 Draft Budget December 2023
Independent Living	1285	Independent Living	19,500	19,500	19,500
	1182	Private Rented Sector	1,500	1,500	1,500
<b>Total Independent Living</b>			<b>21,000</b>	<b>21,000</b>	<b>21,000</b>

<b>Integrated Care Fund</b>	0986	Health & Housing	60,500	60,500	60,500
<b>Total Integrated Care Fund</b>			<b>60,500</b>	<b>60,500</b>	<b>60,500</b>
<b>Achieve Quality Housing</b>	1061	Major Repairs Allowance and Dowry Gap Funding	108,000	108,000	108,000
	1065	Residential Decarbonisation & Quality	92,000	92,000	92,000
<b>Total Achieve Quality Housing</b>			<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>Increase the Supply and Choice of Affordable Housing</b>	0982	Social Housing Grants (SHG)	370,000	365,000	365,000
	0989	Land for Housing - Repayment	-1,930	-3,000	-3,000
<b>Total Increase the Supply &amp; Choice of Afford. Housing</b>			<b>368,070</b>	<b>362,000</b>	<b>362,000</b>
<b>Building Safety</b>	2255	Building Safety	135,000	165,000	127,670
<b>Total Building Safety</b>			<b>135,000</b>	<b>165,000</b>	<b>127,670</b>
<b>Increase the Supply and Choice of Market Housing</b>	0987	Market Housing and Other Schemes	67,000	65,000	65,000
	0987	Market Housing and Other Schemes - Repayment	-2,440	-2,830	-2,830
	0980	Homebuy	2,500	4,000	4,000
<b>Total Increase the Supply and Choice of Market Housing</b>			<b>67,060</b>	<b>66,170</b>	<b>66,170</b>
<b>Land Division</b>	6410	Land Release Fund	20,000	25,000	25,000
	6410	Land Release Fund - Repayment	0	-9,361	-9,361
<b>Total Land Division</b>			<b>20,000</b>	<b>15,639</b>	<b>15,639</b>
<b>Regeneration</b>	4151	Regeneration	50,000	50,000	50,000
<b>Total Regeneration</b>			<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>CLIMATE CHANGE – HOUSING &amp; REGENERATION - TOTAL CAPITAL BUDGET</b>			<b>921,630</b>	<b>940,309</b>	<b>902,979</b>

RESOURCE BUDGET - Annually Managed Expenditure			£'000		
Action	BEL No.	BEL Description	2023-24 Final Budget Feb 2023 Restated	2024-25 Indicative Final Budget Feb 2023 Restated	2024-25 Draft Budget December 2023
Increase the Supply and Choice of Market Housing	0981	Market Housing - AME	-3,035	-2,527	-5,398
<b>Total Increase the Supply and Choice of Market Housing</b>			<b>-3,035</b>	<b>-2,527</b>	<b>-5,398</b>

<b>CLIMATE CHANGE- TOTAL RESOURCE AME BUDGET</b>	<b>-3,035</b>	<b>-2,527</b>	<b>-5,398</b>
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Memorandum on the Rural Affairs  
Draft Budget Proposals for 2024-25

Economy, Trade and Rural Affairs Committee – 18 January 2024

## 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 2024-25, published on 19 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 2024-25.

The total resource budget is summarised in Table 1 below:

TABLE 1: Overview of the Resource Budget							
	2023-24 Final Budget restated £'000	2024-25 Indicative Budget £'000	Change £'000	% Change	2024- 25 New Plans Draft Budget £'000	Change £'000	% Change
<b>Revenue</b>							
Agriculture, Food & Fisheries	354,215	376,215	22,000	6%	303,275	(72,940)	-19%
Protect and Improve Animal Health & Welfare	41,499	41,499	0	0%	41,499	0	0%
Rural Affairs Monitoring and EU Exit Strategy	3,389	3,389	0	0%	2,639	(750)	-22%
Environment, Wildlife Management and Community Green Spaces	1,586	1,586	0	0%	1,586	0	0%
<b>Sub Total</b>	<b>400,689</b>	<b>422,689</b>	<b>22,000</b>	<b>5%</b>	<b>348,999</b>	<b>(73,690)</b>	<b>-17%</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>411,506</b>	<b>433,506</b>	<b>22,000</b>	<b>5%</b>	<b>359,816</b>	<b>73,690</b>	<b>-17%</b>

## Resource

In 2024-25 the Revenue budget reduces by £51.7m against the 23-24 Restated Final Budget. 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. This is partly off-set by an increase in Capital budget of £23m to re-align activity across the rural investment schemes.

## Capital

The capital budget allocation of £60.0m, an increase of £22.8m for 2024-25, is set out in Table 2 as follows:

The total capital budget is summarised in Table 2 below:

<b>TABLE 2: Overview of the Capital Budget</b>							
	<b>2023-24 Final Budget restated £'000</b>	<b>2024-25 Indicative 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	37,000	(200)	-1%	60,000	23,000	62%
<b>TOTAL</b>	<b>37,200</b>	<b>37,000</b>	<b>(200)</b>	<b>-1%</b>	<b>60,000</b>	<b>23,000</b>	<b>62%</b>

- 1.3 A breakdown of the RA MEG by spending area, action and BEL for 2024-25 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 2023-24, 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 The Agriculture (Wales) Act 2023 has established the Sustainable Land Management (SLM) framework to underpin all future agricultural support (other than BPS throughout the Transition Period 2025-2029). The SLM framework comprises four SLM objectives: 1) To support the Sustainable Production of Food and other Goods, 2) to mitigate and adapt to climate change, 3) to maintain and enhance the resilience of ecosystems and the benefits they provide, and 4) to conserve and enhance the countryside and cultural resources and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use. These four objectives are not hierarchical and must be considered together.
- 3.2 The SLM Duty included in the Act obliges Welsh Ministers to consider how future support 'best contributes' to meeting the SLM objectives.
- 3.3 In adopting Sustainable Land Management as the framework, future agricultural support and regulation in Wales will be consistent with Welsh Government's obligations under the Well-being of Future Generations (Wales) Act 2015, helping to contribute to the well-being goals under section 4 of that Act, and the Environment (Wales) Act 2016
- 3.4 The Act now enables us to bring forwards new support mechanisms such as the Sustainable Farming Scheme (SFS) due to launch in 2025.
- 3.5 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.
- 3.6 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 Welsh Marine and Fisheries Scheme. This scheme will enable Welsh Ministers to support the sustainable growth of the marine economy whilst protecting and enhancing the marine environment.

#### **4.0 Impact of Cost of living on budget allocations and programmes**

This Draft Budget has been prepared in line with our priorities to:

- Protect core, frontline public services as far as possible.
- Deliver the greatest benefit to households which are hardest hit.
- Prioritise jobs, wherever possible.
- Work in partnership with other public sector bodies to face this financial storm together.
- Re-focus funding away from non-devolved areas, which the UK Government should be funding.



4.1 **In this context supporting households with the cost-of-living pressures remains a priority for the Welsh Government**

4.2 I recognise that impact the cost of living crisis is having in Wales and the Welsh Government has worked hard with our 2024-25 draft budget proposals to protect as much as possible the most vulnerable in society from its impacts. This is particularly true of rural communities who often have higher commuting and energy costs to those living in urban communities.

4.3 I have protected the BPS budget at £238m for 2024, the same level as 2023, as we had planned to do. As the transition to life outside the EU – and beyond BPS – continues, we are asking the agriculture sector to undergo a significant change to support the delivery of our sustainable land management objectives.

**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 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 this spending review period (including 22-23, 23-24 and 24-25) I am making significant funding available to support the resilience of the rural economy and our natural environment and have already announced over £200m worth of rural 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 the rising cost of living.

**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 has still to be determined. For example, the UK Government's approach to reforming legislation under the Retained EU Law (Revocation and Reform) Act 2023 is likely to 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), Scottish Government

and Northern Ireland Executive, 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. 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 the impact of an evolving trading environment, not only in terms of the EU TCA but also the impact of emerging free trade agreements with other nations.

## **8.0 Programme for Government 2021-2026 / The Labour-Plaid Co-operation Agreement: 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.**

The budget allocations for the Rural Affairs MEG ensures that it prioritises 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 investment from the RA MEG. For example, the Nutrient Management Investment scheme is supporting investments which enhance on-farm nutrient management, protect, and enhance water, soil and air quality, improve on-farm resource efficiencies, technical performance, and the use of technology to improve management decisions.

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. The Welsh Government's strategy will be to enable and encourage stakeholders and partners to play a full part in improving the focus on food matters, and planning and delivery across public bodies and public services boards where food is relevant. The Community Food Strategy will be an enabling framework for this, where we will look to our partners to play a full role in working with us and others. The strategy will not be a delivery or action plan. Welsh Government will be looking to maximise the impact of existing resources, how they are purposed and what outcomes they can generate, rather than providing additional financial resources. Structures to advance community food are already in place, with Welsh Government having pump primed Local Food Partnerships through a one-off grant to establish them across Wales.

### **8.1 How the Rural Affairs budget allocations address the Welsh Government's commitment to respond to the climate and nature emergencies across all policy areas.**

8.2 The SLM Duty included in the Agriculture (Wales) Act obliges Welsh Ministers to consider how future support 'best contributes' to meeting the SLM objectives, which includes to mitigate and adapt to climate change.

- 8.3 The Sustainable Farming Scheme, which is being introduced through powers in the Act is being designed within the context of all four SLM objectives.
- 8.4 The Land Management Reform Division is responsible for designing the Sustainable Farming Scheme by liaising across Climate Change and Rural Affairs to bring together multiple policy commitments.
- 8.5 The SLM objectives are broken down further into 15 SLM outcomes, referred to as the 'Purposes' in the Act – such as improving the resilience of agricultural businesses, improving air quality and maximising carbon sequestration and storage.
- 8.6 The SFS will contain a suite of actions which will deliver against the SLM Objectives including Actions to mitigate and adapt to climate change
- 8.7 Our programme of change 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 The significant funding of over £200m 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 rural schemes is all preventative – targeting agri-environment improvements through the Habitat Wales Scheme; improved productivity and viability of businesses through BPS and targeted investment grants, the creation and restoration of woodland; and many other schemes being delivered. The Food Business Accelerator Scheme offers capital grants to support sustainable growth in food manufacturing and productivity improvements, while the Sustainable Innovation Scheme offers a range of revenue based support and expertise to advance innovation and accreditation standards in the food manufacturing sector.

- 9.3 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 Growing for the Environment scheme supports the growing and utilisation of crops, which can result in improvements in the environmental performance of a farm business. The scheme objectives are to support farmers to reduce carbon and greenhouse gas emissions, adapt to climate change and build greater resilience into farm businesses, improve water quality and reduce flood risks, and contribute towards a reversal in the decline of Wales' native biodiversity.
- 9.4 Rural schemes are informed by departmental strategies and policies, which have taken into account the WFGA ways of working, including preventative approaches and contribute to the Sustainable Land Management objectives established by the Agriculture (Wales) Act 2023.
- 9.5 During 2023/24 I have opened Expression of Interest windows for a range of rural schemes. These include the Small Grants – Yard Coverings scheme, for which I opened a window in November 2023. This capital scheme is designed to support farmers in Wales to improve on-farm nutrient management by investing in existing in farm infrastructure. Support is provided to separate rainwater and slurry from areas such as livestock feeding and gathering areas, manure storage areas and slurry/silage stores. The objectives are to increase on-farm investment, increase technical performance, increase on-farm production efficiencies and increase on-farm resource efficiencies. In January 2024 I will launch window 6 (of 8 in total) of the Small Grants – Environment scheme which is providing a maximum of £7,500 funding per window for Capital Works Projects. Set lists of Capital Works are available to support the delivery of beneficial environmental outcomes under the themes of carbon, water, and landscape and pollinators.

## **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 and the Sustainable Land Management objectives in the Agriculture (Wales) 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 All funding for rural development will need to align with the Sustainable Land Management objectives and our 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.

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 and its optional protocols when formulating or reviewing policy and legislation; and when they use all their legal powers or duties.

12.3 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 budget allocation of £500K will be sufficient in 2024/25 to fund the ongoing policy development of the Sustainable Farming Scheme.

13.3 This budget has been allocated to funding ongoing evidence packages to support policy development and fund potential preparatory actions as we move closer to 2025 and the launch of the Sustainable Farming Scheme. This budget allocation will also fund the analysis of the consultation on the proposed Sustainable Farming Scheme and continued engagement with

stakeholders and the farming community to facilitate the behavioural shifts needed to adapt farming practices on a national scale.

13.4 Rural Payments Wales have been enhancing and developing its IT and online platform in preparation for SFS. A budget allocation of £6m Capital and £3.7m Revenue will allow ongoing system maintenance and developments to introduce the SFS in parallel with the phasing out of BPS from 2025.

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.

13.7 **Bovine TB eradication.**

13.8 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 2022, there was a 49% decrease in new incidents, while 94.7% of herds in Wales were TB free at end of June 2023.

13.9 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.

13.10 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.

13.11 Following consultation, the Minister announced a new 5-year delivery plan for the TB Eradication Programme in March 2023.

13.12 **TB statistics latest position**

13.13 These are the latest published statistics for the twelve months to the end of March 2023 (other figures quoted by MSs may be out of date). These figures were published on the 13 September 2023. The next release of TB statistics will be published on 13 December 2023.

13.14 Bovine TB statistics for Wales to June 2023 (latest month of published data):



13.15 94.7% of herds were TB free at end of June 2023.

13.16 Long-term falls in TB indicators:

- New incidents have decreased from **1,185** in 2009 to **609** in the 12 months to June 2023, representing a **48.6% decrease** in new incidents.
- Animals slaughtered for TB control has decreased from **11,655** in 2009 to **9,529** in the 12 months to June 2023, representing an **18.2% decrease**.
- On 30 June 2023, there were **898** herds under restrictions, compared to the peak of **2,268** herds under restriction on 31 March 2009. This represents a **60.4% decrease**.
- On 30 June 2023, there were **608** non-Officially TB free herds, compared to the peak of **1,066** on 30 April 2009. This represents a **43.0% decrease**.
- Herd prevalence has decreased from the peak in April 2009 at **7.8%** to **5.3%** in June 2023.

13.17 Medium-term trends:

- In the 12 months to June 2023, new incidents decreased to **609** from **746** for the same period to June 2018, representing an **18.4% decrease**.
- In the 12 months to June 2023, animals slaughtered for TB control decreased to **9,529** from **10,024** for the same period to June 2018, representing a **4.9% decrease**.
- On the 30 June 2023 there were **898** herds under restriction, compared with **857** herds under restriction on 30 June 2018. This represents a **4.8% increase**.
- On the 30 June 2023 there were **608** non-Officially TB free herds, compared with **623** on 30 June 2018. This represents a **2.4% decrease**.
- Herd prevalence has **increased** from **5.2%** on 30 June 2018 to **5.3%** on 30 June 2023.

13.18 Short-term trends:

- In the 12 months to June 2023, new incidents decreased to **609** from **649** for the same period in the previous year, representing a **6.2% decrease**.
- In the 12 months to June 2023, animals slaughtered for TB control decreased to **9,529** from **9,700** for the same period in the previous year, representing a **1.8% decrease**.
- On the 30 June 2023 there were **898** herds under restriction, compared with **927** herds under restriction on 30 June 2022. This represents a **3.1% decrease**.
- On the 30 June 2023 there were **608** non-Officially TB Free herds, compared with **601** on 30 June 2022. This represents a **1.2% increase**.
- Herd prevalence has **increased** from **5.2%** on 30 June 2022 to **5.3%** on 30 June 2023.

## 14.0 Avian Flu

14.1 Since 1 October 2023 we have moved into the 2023/24 administrative outbreak period for avian influenza. As of 30 November, there have been 4 outbreaks during this new 2023/24 period (2 in England and 2 in Scotland). There were 208 UK cases of highly pathogenic avian influenza (HPAI) confirmed in poultry and captive birds in the 2022/2023 administrative outbreak which covered October 2022 through to September 2023, placing significant resourcing and funding pressures on APHA and increasing the unfunded pressure against this budget.

14.2 At the time of writing, the epidemic is continuing and the risk of infection to poultry is maintained at low while the risk level for wild birds is maintained at high. Wild migratory birds will continue to arrive to GB until mid-December and January, and the increase in wild bird biomass will increase potential infection pressure on captive birds, meaning the risk levels for these two groups are likely to change. While cases to date have been lower than in the 2022/23 outbreak, accurate forecasting as to the number of infected premises and birds for the coming months cannot be predicted. Ongoing wild bird migration until January may add additional.

14.3 Continued effective management of avian influenza cases in kept poultry is very important to reduce the direct and indirect impact on the poultry industry and reduce the likelihood of virus evolving and posing a greater threat to human health.

## 15.0 TB Testing

15.1 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.

15.2 This is a long established test and is used worldwide as the main surveillance test for TB control programmes. At standard interpretation the test is likely to identify only one 'false positive' animal in every 5000 non-infected cattle tested. However, on average it may only identify 81% 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 i.e. no "false positives".

15.3 To improve the control of bovine TB, a higher number of infected animals need to be identified, whilst limiting the number of false positives. This is to an extent achieved through the supplementary use of an Interferon-gamma blood test and an IDEXX Antibody blood test. These tests are used strategically in herds or individual animals, where risk criteria suggest they are best deployed.

15.4 In Wales we test:



- each herd every year
- any animal before it moves off farm\* (subject to exemptions as set out in the Tuberculosis (Wales) Order 2010, as amended)
- any animal moving into a herd within the Low and intermediate TB areas\* (subject to exemptions as set out in the Tuberculosis (Wales) Order 2010, as amended)

*\* Nb - Pre-movement testing for moves from herds in the Low TB Area & post-movement testing for herds in the Intermediate TB Areas are being introduced in legislative changes from Feb 2024. These are in addition to requirements already in place in other TB areas.*

- 15.5 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).

## 16.0 TB compensation

- 16.1 Welsh Government has a statutory commitment to pay TB compensation.

- 16.2 This is a demand led area of expenditure that is directly linked to the volume of animals slaughtered because of TB. Variables such as the number 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.

- 16.3 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.

- 16.4 The Minister has committed to review the compensation regime which will include further consultation. Any new regime would need to receive Senedd approval. It is estimated a full review will take up to 24 months to complete before any financial savings may be realised. This review will commence once resources allow.

- 16.5 [Development and implementation of post-Brexit food and drink strategy, including the Community Food Strategy.](#)

- 16.6 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. Its 10 point action plan focuses on business growth and improving productivity; develop international trade in

overseas markets and to achieve higher levels of environmental and social sustainability and promotion of Food and Drink Wales in Wales, the UK and globally.

16.7 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.

16.8 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.

16.9 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.
- build 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.

16.10 I was disappointed that the UK Government chose to net off outstanding EU funding as part of the last spending review. This, combined with the failure to recognise the previous Pillar Transfer, left Wales £243m short of the funding level we would have received had we remained in the EU. As negotiations on the next spending review begin next year (timing is unclear), we will pursue at least, the same total level of funding for farmers and land managers from the UK Government as we will receive in 2024/25. Recognising the inflationary pressures which have impacted the farming industry, as it has impacted other sectors and everyone in Wales, we will expect the UK Government to provide an inflationary uplift in funding.

## 17.0 Legislation

18.0 The process of transition to the new agricultural scheme such as piloting, administrative arrangements and research and development;

18.1 I have launched the next phase of our consultation on our proposals for future farm support. The Sustainable Farming Scheme has been developed with farmers and is designed to be an integrated long-term approach to support the resilience of our agricultural industry in Wales. It will be introduced in 2025.

18.2 The schemes we are supporting in 2024/25 complement 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.

18.3 New functionally and mechanisms to monitor and evaluate our new agricultural scheme are also being considered, including carbon audit, habitat reviews using earth observation.

18.4 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.

18.5 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.

The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 (CoAP Regulations) will be fully implemented by 1 January 2025. Through a service level agreement with Natural Resources Wales (NRW), the Welsh Government has committed £2.55m to support NRW's enforcement of the Regulations. The funding is split, with £1m committed in financial year 2023-2024 and £1.55 in 2024-25. The level of funding increases in year 2, following recruitment of staff during year 1.

18.6 The Welsh Marine and Fisheries Scheme is 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.

## **19.0 Key policies included in the new Animal Welfare Plan for Wales 2021-26;**

19.1 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.

19.2 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.

## **20.0 Livestock identification and movement policy**

20.1 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.

20.2 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.

20.3 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.

20.4 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.

## **Annex A**

### **Budget Structure (by SPA and BEL)**

#### **21.0 Agriculture, Food & Fisheries – FUNDING OF ACTIONS**

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**

Develop and deliver overarching policy and programmes on Agriculture, Food and Marine BEL's REVENUE	2023-24 Final Budget restated £'000	2024-25 Indicative Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Agriculture Strategy (2829)	650	650	(150)	-23%	500	(150)	-23%
Local Authority Framework Funding (2831)	200	200	(100)	-50%	100	(100)	-50%
Agriculture Customer Engagement (2860)	400	400	(50)	-13%	350	(50)	-13%
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>(300)</b>	<b>-4%</b>	<b>6,527</b>	<b>(300)</b>	<b>-4%</b>

Develop and deliver overarching policy and programmes on Agriculture, Food and Marine BEL's REVENUE	2023-24 Final Budget restated £'000	2024-25 Indicative Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
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Agriculture Customer Engagement (2860)	400	400	(50)	-13%	350	(50)	-13%
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>(300)</b>	<b>-4%</b>	<b>6,527</b>	<b>(300)</b>	<b>-4%</b>

Develop and deliver overarching policy and programmes on Agriculture, Food and Marine BEL's CAPITAL	2023-24 Final Budget restated £'000	2024-25 Indicative Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
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.

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 covers direct funding to the Royal Welsh Agricultural Society as well as other show Societies across Wales.

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	2023-24 Final Budget restated £'000	2024-25 Indicative 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	(5,500)	-60%	3,694	(5,500)	-60%
<b>Total Revenue</b>	<b>247,194</b>	<b>247,194</b>	<b>(5,500)</b>	<b>-2%</b>	<b>241,694</b>	<b>(5,500)</b>	<b>-2%</b>

CAP Administration and making payments according to EU and WG rules BEL's CAPITAL	2023-24 Final Budget restated £'000	2024-25 Indicative 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>

The Basic Payment Scheme (BPS) is 100% domestic funded Direct Aid, which has been retained from the Common Agricultural Policy (CAP) under retained EU law. Payments are made directly to farmers who use the money to meet their business and other expenses. Payments are 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 based 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.

All three systems are integral to maintaining efficient delivery of all rural support schemes and it is imperative they continue to operate and be developed to:

- Maintain a robust audit trail and records retention for all EU payments.
- Deliver the suite of domestic support schemes in advance of the SFS.
- Support the delivery of SFS in 2025 and transition from BPS thereafter.

## Rural Investment Schemes

Rural Economic and Sustainability Programme BEL's REVENUE	2023-24 Final Budget restated £'000	2024-25 Indicative Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
RIS (2833)	70,272	109,454	39,182	56%	46,139	(63,315)	-58%
<b>Total Revenue</b>	<b>70,272</b>	<b>109,454</b>	<b>39,182</b>	<b>56%</b>	<b>46,139</b>	<b>- 63,315</b>	<b>-58%</b>



Rural Economic and Sustainability Programme BEL's CAPITAL	2023-24 Final Budget restated £'000	2024-25 Indicative Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Investment Schemes (2833)	20,500	30,000	9,500	46%	53,000	23,000	77%
<b>Total CAPITAL</b>	<b>20,500</b>	<b>30,000</b>	<b>9,500</b>	<b>46%</b>	<b>53,000</b>	<b>23,000</b>	<b>77%</b>

The purpose of this BEL is to support the development of rural schemes in 2024/25. We have been developing and implementing transitional schemes for farmers and land managers from 2021 to 2025 through EU replacement funding, ahead of the introduction of the Sustainable Farming Scheme. The funding will provide support to develop this 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	2023-24 Final Budget restated £'000	2024-25 Indicative Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Development Plan 2014-20 (2949)	17,182	-	(17,182)	-100%	0	0	
<b>Total Revenue</b>	<b>17,182</b>	<b>-</b>	<b>(17,182)</b>	<b>-100%</b>	<b>0</b>	<b>0</b>	

Welsh Government Rural Communities: Delivering the programmes within the Rural Development Plan 2014-20 BEL's CAPITAL	2023-24 Final Budget restated £'000	2024-25 Indicative Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Rural Development Plan 2014-20 (2949)	9,500	0	(9,500)	-100%	0	0	
<b>Total CAPITAL</b>	<b>9,500</b>	<b>-</b>	<b>(9,500)</b>	<b>-100%</b>	<b>0</b>	<b>0</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 which is now closed.

### Evidence based development for Rural Affairs

Evidence based development for Rural Affairs BEL's REVENUE	2023-24 Final Budget restated £'000	2024-25 Indicative 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

Fisheries and aquaculture including the enforcement of Welsh Fisheries BEL's REVENUE	2023-24 Final Budget restated £'000	2024-25 Indicative Budget £'000	Change £'000	% Change	2024-25 New Plans Draft Budget £'000	Change £'000	% Change
Fisheries Schemes (2830)	565	565	0	0%	-	(565)	-100%
Fisheries (2870)	4,605	4,605	0	0%	3,605	(1,000)	-22%
<b>Total Revenue</b>	<b>5,170</b>	<b>5,170</b>	<b>0</b>	<b>0%</b>	<b>3,605</b>	<b>(1,565)</b>	<b>-30%</b>

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**BEL 2870 covers funding for the following;**

- **Fisheries Science and Evidence** – Delivery of a range of statutory and non-statutory fisheries science commitments, underpinning fisheries management of fisheries and policy development.
- **Welsh Marine and Fisheries Scheme** – This is the EMFF replacement scheme and is the vehicle for investment in the fisheries and aquaculture sectors
- **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** - We will continue to meet statutory obligations to manage permitted fisheries and deliver Fisheries Management Plans. 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** – Including core funding for Welsh Fisherman’s Association (WFA)
- **Control & Enforcement** - Covers all operational costs around Control and Enforcement, including Fisheries Patrol Vessels costs, such as maintenance, fuel and insurance.

### Developing and Marketing Welsh Food and Drink

Developing and Marketing Welsh Food and Drink BEL's REVENUE	2023-24 Final Budget restated £'000	2024-25 Indicative 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%	4,790	(2,260)	-32%
<b>Total Revenue</b>	<b>7,050</b>	<b>7,050</b>	<b>0</b>	<b>0%</b>	<b>4,790</b>	<b>(2,260)</b>	<b>-32%</b>

BEL 2970 funds programmes across the food spectrum, leveraging financial resources from wider Welsh Government including RIS, 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

Protect and Improve Animal Health & Welfare	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	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

Support and Delivery of the Animal Health and Welfare programme / 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
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>

This funding supports the delivery of the statutory services and activities, the majority of which by, Animal and Plant Health Agency (APHA) services in Wales. The funding helps safeguard animal health and welfare as well as public health, rural livelihoods and trade and enhances food security through research, surveillance and inspection.

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:

- Risk arising 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 communities, trade and tourism in Wales where there would be a severe detrimental impact to 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 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 WG 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
Strategy & Government Relations (2816)	3,389	3,389	0	0%	2,639	(750)	-22%
<b>TOTAL</b>	<b>3,389</b>	<b>3,389</b>	<b>0</b>	<b>0%</b>	<b>2,639</b>	<b>(750)</b>	<b>-22%</b>

The detailed breakdown of Actions by BEL activity is explained in the following sections.

This BEL supports the Strategic Evidence, Borders and Intergovernmental Relations Unit (SEBIR - formerly ERA EU Exit and Strategy Unit). The division was created to coordinate, support and drive our exit from the EU and transition activities. These developments are still evolving and require continued resource and effort to ensure effective engagement and influence across a number of UK Government departments. The division works across Climate Change and Rural Affairs portfolios to facilitate, coordinate and deliver strategic evidence, modelling and their practical applications to support the portfolios' wider policy making. This includes the management of the long-term ERAMMP contract, the development of Earth Observation technologies, a focused Environmental Evidence Programme and our academic engagement activities all supporting policy development, delivery and evaluation of Programme for Government (PfG) Commitments. With the completion of a comprehensive trade agreement with the EU the division's focus is to support the operationalisation of new cross-cutting functions and structures arising from leaving the EU and the management of intergovernmental relationships for the portfolio, with the primary responsibility for developing, delivering, managing and communicating policies resting with each of the respective policy teams.

### **Environment, Wildlife Management and Community Green Spaces - FUNDING OF ACTIONS**

<b>Environment, Wildlife Management and Community Green Spaces 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>
New National Park BEL 2803	700	700	0	0%	700	0	0%
Plant and Wildlife BEL 2802	886	886	1	100%	886	1	100%
<b>Total Revenue</b>	<b>700</b>	<b>700</b>	<b>0</b>	<b>0%</b>	<b>700</b>	<b>0</b>	<b>0%</b>

### **Plant and Wildlife Protection and Regulation - BEL 2802**

This BEL supports work on the Plant Health Policy and legislation including scientific research and surveillance activity to identify and inform a response to Wales-specific risks and to communicate PH risks. This work area also includes policy development, legislation and regulation of plant protection products and biocides in Wales. The BEL also funds activity to control spread of invasive non-native species, including contributing to the GB non-native species inspectorate. The BEL also includes funding for protection of certain wildlife, including badger licensing and investigation of suspected wildlife poisoning incidents and the policy work behind the ban on snares and glue traps in 2023 and the Wales Rural & Wildlife Police Crime Coordinator.

The BEL together with BEL2825 in the CC MEG also provides for Agricultural EIA proactive screening requests and investigation of potential breaches of the regulation, enforcement and remediation where damage to important unimproved habitat on agricultural land has occurred. The BEL also covers the Plant Varieties and Seeds policies, including costs of maintaining national lists and testing of new varieties of plant. This leads to a need for policy development on new Genetic Technologies in response to legislative changes by UK Government which increasingly impacts Wales. These technologies and related policies are cross cutting, also impacting animal health and welfare and food and animal feed including novel foods (lab grown proteins) but plants are among the first organisms which may result from regulatory change in England. It also provides for training, communications and other incidental expenses including those related to tribunals and litigation within the policy areas covered by LNFD Plant Health and Environmental Protection Branch.

### **New National Park BEL 2803**

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 2024-25 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 has also begun an engagement and consultation process to ensure all stakeholders are kept informed and have a voice during the process. 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.

### **Summary**

The RA MEG Draft Budget BEL table for 2024-25 is presented to the Committee for consideration.

**Lesley Griffiths**  
**Minister for Rural Affairs, North Wales and Trefnydd**

## Economy, Trade and Rural Affairs Committee

Date: 18 January 2024

Time: 12:10 – 13:40

Title: Evidence paper on Draft Budget 2024-25 – Economy Main Expenditure Group (MEG)

### a) Introduction

- a.1. This paper provides information on the Economy budget proposals as outlined in the 2024-25 Draft Budget published on 19 December. It also provides an update on specific areas of interest to the Committee. The Culture, Arts and Sport activity is being scrutinised by the Culture, Communications, Welsh Language, Sport and International Relations Committee on 17 January.
- a.2. As part of our plan for economic growth, we want to strengthen and build on our progress with the unique partnerships that bring together businesses, local authorities, trades unions and academia. We as a nation balance our aspirations with the financial realities, we prioritise investments that are sustainable and offer real growth, fair work, and tangible benefits for our communities.

In November 2023 I launched a refresh of our Economic Mission. We need to respond to the challenges of global disruptions, inflation, interest rates and energy costs, and our new Economic Mission sets out four priorities that will shape how Wales can respond to uncertainty and exploit new opportunities:

- **A just transition and Green Prosperity** - Realising the enormous Net Zero economic opportunities and engaging with businesses and people to move towards a just transition.
- **A platform for young people, fair work, skills and success** - Backing young people to achieve the ambitious futures in Wales. Prioritising their skills and creativity.
- **Stronger partnerships for stronger regions and our everyday economy** - Working with regions to agree a smaller set of priorities for growth, local jobs and major investment. New joint working to boost the case for UK investment in projects that crowd in investment and support fair, unionised jobs in areas including Nuclear, Offshore Wind and Tech.
- **Investing for Growth** - We will work in partnership to focus on our recognised strengths to boost investment and growth that prizes fair work and long-termism. Our new mission-based Innovation Strategy will target new investment in a post EU landscape, supporting commercialisation, research and development and entrepreneurship.

These priorities will shape how we consider investment, policies and programmes across the economy. The budget proposals for the Economy portfolio are aligned to support this new strategy.



We have committed to undertake a series of deep dives in 2024, which will aim to look at opportunities to deliver against specific themes across the priorities, taking a whole government and partnership approach.

The budget proposals for the Economy portfolio are aligned to support this new strategy.

## 1. Transparency of budget presentation

1.1. The table below provides an overview of indicative plans for the Economy MEG published in draft Budget 2024-25

Economy MEG – Summary	2023-24 Final Budget Feb 2023 £000's	2024-25 Indicative Final Budget Feb 2023 £000's	Revisions to the 2024-25 Indicative Allocations	2024-25 Revised Baseline £000's	2024-25 Other Changes £000's	2024-25 Draft Budget December 2023 £000's
Resource	466,369	482,434	-49,932	432,502	6,400	438,902
Capital	79,263	100,492	0	100,492	2,000	102,492
<b>Total Resource &amp; Capital</b>	<b>545,632</b>	<b>582,926</b>	<b>-49,932</b>	<b>532,994</b>	<b>8,400</b>	<b>541,393</b>
Resource AME	58,525	58,525	0	58,525	0	58,525
Capital AME	0	0	0	0	0	0
<b>Total AME</b>	<b>58,525</b>	<b>58,525</b>	<b>0</b>	<b>58,525</b>	<b>0</b>	<b>58,525</b>
<b>Total – Economy MEG</b>	<b>604,157</b>	<b>641,451</b>	<b>-49,932</b>	<b>591,519</b>	<b>8,400</b>	<b>599,919</b>

## 2. Resource

2.1. Welsh Government have reshaped our budget to provide extra funding and protection for the services which matter most to you. We have done so in line with our priorities:

- Protect core, frontline public services as far as possible.
- Deliver the greatest benefit to households which are hardest hit.
- Prioritise jobs, wherever possible.
- Work in partnership with other public sector bodies to face this financial storm together.
- Refocus funding away from non-devolved areas, which the UK Government should be funding.

2.2. We have re-shaped the indicative spending allocations within our budget to provide extra funding and protection for the services which matter most to people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services.

2.3. We're protecting the core local government settlement, which funds schools, social services and social care, bin collections and local leisure services. We're providing the 3.1% increase we promised last year.

- 2.4. And we're creating a new £20m capital fund to help small businesses in the retail, leisure and tourism sectors. Retail, hospitality and leisure businesses across Wales will also receive a fifth successive year of support to pay their non-domestic rates bill.
- 2.5. As a result of the reshaping of the Welsh Government budgets, the Resource budget for the Economy MEG has decreased by £43.532m in 2024-25 when compared to the 2024-25 indicative final budget baseline. An allocation of £6.4m has been received from central reserves for the Borders programme, which is offset by a return to reserves of £49.932m for the Economy MEG's contribution or reprioritisation to meet wider pressures.
- 2.6. These changes for budget lines relevant to this committee are summarised in **Annex A** and **Annex B**.

### **3. Capital**

- 3.1. The Capital budget for the Economy MEG has increased by £2m in 2024-25 when compared to the 2024-25 indicative final budget baseline. The increase is due to an allocation for capital financial transaction for the Cadence project.
- 3.2. The Economy capital budget stands at £102.492m for financial year 2024-25.

### **4. Annually Managed Expenditure – AME**

- 4.1. The AME budget of £58.525m remains unchanged 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, 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 September 2023.

### **5. Commentary on Actions & Detail of Budget Expenditure Line (BEL) Allocations**

- 5.1. A breakdown of changes to the Economy MEG by spending area, Action and BEL for 2024-25 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.

### **6. Monitoring of budgets**

- 6.1. All budgets continue to be monitored and challenged monthly during the financial year 2023-24, to consider the latest forecasts and budget movements as necessary. I receive regular financial updates on the forecasts for my portfolio 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.
- 6.2. A significant element 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 must adapt to changes in the economy while schemes such as our delivery within the Employment and Skills programmes, particularly on the context of annual budget planning, can be impacted by a change in demand for the programme. This means effective planning and reprioritisation is essential. 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 expenditure at budget levels.

## **7. Evidence base / Evaluation and reviews**

- 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.
- 7.2. An evaluation of the Trio Sci programme will be received shortly, and the findings will help to shape a new STEM enrichment programme in readiness for launching in April 2024. The objective of the evaluation will explore:
- Assessment of science capital baseline and change through time, gender, control group, regional subsets, engagement and uptake via metrics identified at start;
  - Participant uptake of GCSE science subjects from a mandatory single science uptake up to a voluntary maximum choice of triple science subjects' uptake. And vocational career building qualification uptake;
  - Determine whether the concept of Science Capital has been positively embedded within the participant cohort as a result of exposure to a sustained strategic STEM enrichment intervention;
  - Determine and shape future recommendations on further interventions as required in line with evidence.
- 7.3. We have published what actions we have taken in response to phase one of the YPG National Conversation (a series of surveys and focus groups with 16-24 year olds about their education and employment experiences, undertaken in three phases between 2022 - 2023) on our website. Actions include extending the eligible age range to 19 years old for enrolling onto the Jobs Growth Wales+ programme and doubling the rate of the Training Allowance to £60; a new free meal allowance; and temporarily allowing 100% of travel costs to be claimed (if undertaking training). The reports for phases two and three will be published in the new year.
- 7.4. Evaluations of our community employability programmes have been conducted during the current financial year. Delivery of the Communities for Work and Parents, Childcare and Employment programmes, which were supported by ESF, ended on 31 March 2023 but Communities for Work+ (CfW+) has continued and lessons learned from the evaluations have been reflected in its delivery. Through intensive mentoring and training, CfW+ targets and supports the most vulnerable in our communities, including young people, disabled people, Black, Asian and minority ethnic individuals, older workers, parents and carers. An initial evaluation has just been completed on the JGW+ programme which shows that 89% of young people said that the support given by the programme had met or exceeded expectations, had supported their career development and that their individual needs had been considered resulting in tailored training and development activities. 97% of young people stated the JGW+ programme had improved their work prospects with 91% of young people stating the programme had improved their future pay prospects.
- 7.5. A range of intelligence is produced by Employability and Skills Division to help guide decisions within Employability and Skills, the wider Welsh Government, and for external stakeholders. These include the Employer Skills Survey, which saw headline findings published in September 2023, a Office for National Statistics (ONS) report with additional

Wales figures released in December 2023, and will be followed by a full suite of Wales reporting in early 2024. This gives detailed information on the skills deficiencies employers face and how they tackle those deficiencies. A rapid evidence review on supporting young people who are not in education, employment, or training to achieve their goals will be published in January 2024, providing evidence to support policy development, particularly of the YPG. A Wales summary of the Skills Imperative 2035 employment projections has been produced, providing a view on where data suggests the greatest labour market demands will be going forward.

7.6. The SMART programmes of support were subject to a half-term independent review, which were published in September 2020. The review concluded the progress and performance of SMART Cymru against the indicator targets was favourable. 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. The Final review of the SMART Suite of operations commenced in December 2022, and will be published in March 2024.

7.7. Cardiff Business School has undertaken an impact study of the Business Wales service:

#### Business Wales core and growth (levels 1-4):

- Up to May 2021, total programme spend is estimated to be £37.1m.
- 8,396 enterprises have received non-financial support; 4,610 new enterprises supported; and 12,280 individuals received support.
- The service has 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.
- Each £1 invested 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 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 Business Wales core and growth programmes could be connected with £646m of GVA.
- Four-year survivability rate is 67% compared to 33% for a matched sample of non-assisted businesses.

#### Business Wales Accelerated Growth (AGP) programme:

- Up to June 2021, overall budget for AGP was £26.9m with around 85% of funds committed.
- 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 additionality it is estimated that the net cost per job created is £4,261.
- Additional employment created/activity estimated £410m GVA per annum.
- Each £1 invested in AGP can be linked to around £18 of net GVA uplift per annum.
- £377m of business investment connected to projected turnover of £5.99bn.
- Four-year survivability rate for AGP assisted businesses is 77.4% compared to 32.7% for a matched sample of non-assisted businesses.

## **8. Impact of Cost of living on budget allocations and programmes**

- 8.1. The cost of living crisis has resulted from fast-paced, profound, and inflation-driven macros and micro economic development, the effects of which have been felt by individuals, households and communities, especially those on low incomes since late 2021.
- 8.2. The ongoing cost of living crisis continues to put pressure on our apprenticeship provider network which has indicated that delivery costs are increasing in line with inflation.
- 8.3. In the 2022/23 contract year, in response to the cost-of-living crisis, a 5% increase to framework costs was implemented – a measure which was extremely well received by the network. In 2023/24 a further 5% increase to framework costs, to acknowledge the ongoing cost of living crisis, has been implemented in line with similar increases within the post-16 sector. This applies to apprenticeship delivery between Levels 2 and 5 from the beginning of the 2023/24 contract year (1 August 2023). This will help provide stability to the network enabling it to be more resilient by supporting staff retention and assisting its ability to deliver to the contract.
- 8.4. Continuing pressures linked to the cost of delivering the apprenticeship service will be monitored into 2024/25. Any further increase to framework costs will impact the number of apprentices able to access delivery. We will work with the apprenticeship sector as the 2024/25 position emerges with the aim of maintaining a quality apprenticeship product.
- 8.5. Considering the impact of cost of living on SMEs across Wales the Business Wales has been positioned to support those who face uncertainties due to 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 advisory service covers all aspects to support with cost of living issues including on areas such as energy and waste to water efficiency measures.
- 8.6. In delivering activity overseas, costs (including travel, participation fees for events, accommodation costs etc.) have all increased because of inflationary pressures. In real terms, this impacts the level of activity that can be delivered and business support available.
- 8.7. There is an increase on costs for research with an impact on procurement of specialist equipment and cost of retaining and recruiting specialist science staff and technicians. The loss of Structural Funds has added to the squeeze on available funding. This underscores the need to change approach to more focussed research calls with an embedded efficiency in the use and focus of support. This has been reflected in the recent public consultation: [Next phase of the Sêr Cymru research funding programme | GOV.WALES.](#)

- 8.8. In a recent Sêr Cymru research equipment award, it permitted supporting a component of the full economic cost of the project. This approach acknowledges wider economic pressures while providing opportunity to enhance the capability and capacity of our researchers in Wales. This approach will be applied in principle to all capital or revenue funded programmes in the future.
- 8.9. As a consequence of the cost of living crisis, we are seeing increasing levels of poverty in working families. Employment, however, remains the most important factor in helping individuals to take steps to move out of poverty. The combined impact of cost living increases and reduced budgets will inevitably impact on programme activities and outcomes. We are managing these pressures by refocussing or restructuring activities in the short term and undertaking a fundamental review of our employability programmes as part of the Single Operating Model programme detailed in the plan for employability and skills.

## **9. Lasting implications of the pandemic**

- 9.1. The ***Economic mission*** has already set Wales on a path that links our pandemic response with long term, active industrial policies. The Economic Mission: Priorities for a Stronger Economy was published on 28 November, which sets out commitments across four national areas to help focus our funding and policy priorities. No credible evidence or recent experience supports the case for a switch to reckless deregulation, lower expectations on working conditions and environmental standards or unfunded tax cuts. Trickle down is bust.
- 9.2. We will go in investing in long term partnerships capable of linking innovation and skills to between pay and wellbeing. In sectors like aerospace, creative industries, and energy our partnerships have built lasting careers that support stronger family finances in many of our communities.
- 9.3. The Welsh Government cannot support all proposals for our economy and ignore the realities of the financial constraints placed on the Welsh budget. Our mission will guide decisions through tough times and severe budget challenges.
- 9.4. Last year the Prince's Trust [reported](#) that more than 60% of 16 to 25-year-olds had said they were 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.
- 9.5. Our **Young Person's Guarantee (YPG)**, National Conversation has found stark issues around confidence and mental health – 76% of participating young people reported lacking confidence prevents them from achieving their work, education or training goals. Almost half of respondents had either been officially diagnosed with a mental health condition (20%) or advised that their mental health is suffering (24%)<sup>[1]</sup>. JGW+ contractors are reporting that many of the young people they are seeing are requiring intensive assistance and support with mental health and wellbeing. This issue has continued for 23-24 and is likely to continue into 24-25.
- 9.6. Business Wales has been positioned to support those who face uncertainties resulting from the pandemic including support on areas such as general business advice; equality and fair work; resource efficiency; international trade; mentoring and digital exploitation. Bespoke support is also provided to help businesses access more procurement

opportunities; improve marketing and sales; access finance; employment, HR and skills advice.

9.7. To that end, we have sought to sustain expenditure on our Young Person's Guarantee as much as possible when allocating resources through this budget setting process.

#### **10. Ongoing implications of implementing new arrangements and obligations under the UK-EU Trade and Cooperation Agreement;**

10.1. A key focus of our trade promotion activity is the European market. The European Union remains Wales' largest trading partner, with goods exports to the EU valued at £11.6 billion in 2022 accounting for 56.6% of Welsh exports (compared with 52.2% of UK exports). Our team of WG International Trade Advisors, based across Wales, alongside our WG Overseas teams (and other key partners, including Department for Business and Trade) continue to provide ongoing support our exporters to understand trading requirements in key markets, including the EU.

10.2. Our Programme for Government commitment to implement our Export Action Plan has put in place a comprehensive package of support for businesses, inspiring businesses to begin to export, building export capability, finding overseas customers, and supporting businesses to get to overseas markets.

10.3. The trading environment with Europe since the UK withdrawal from the EU remains more bureaucratic and costly for business, impacting exports to our largest trading partner (EU). Supporting businesses to understand the requirements, and opportunities in this important market, is a vital element in the delivery of the Export Action Plan for Wales.

10.4. Given the challenges with the trading environment, there remain implications on the appetite for investors to consider the UK for investment over mainland Europe. This is demonstrated in the UK losing its status as number one destination in Europe for global investment projects (EY, 2023).

10.5. Officials from across the Economy, Treasury and Constitution Group and Education and Skills Division liaise regularly with DSIT and UKRI officials to seek to influence better collaboration on investment involving Wales and press for better alignment with Wales Programme for Government and National and local economic strategy in Wales.

#### ***Co-operation Agreement***

10.6. As part of this budget, we are maintaining our commitment set out in the Co-operation Agreement with Plaid and continue our investment in ARFOR, with £7m allocated in financial year 2024-25 to support delivery of a £11m programme.

#### **11. Ending of EU structural fund**

11.1. Commitments were made that Wales would not be worse off from the UK leaving the EU, however the annual average allocation received through EU funds will not be matched by the UK Government until the final year of the Shared Prosperity Fund (SPF) in 2024-25.

11.2. Wales has lost out from access to hundreds of millions of pounds since January 2021 when new EU programmes would have begun. This is due to the UK Government using

tail end receipts from EU funds in its calculations – funds that had already been committed to projects through the 2014-2020 EU programmes.

11.3. Our calculations, broken down in a [Written Statement](#) by the Finance Minister on 4 May 2022, show an overall shortfall to the Welsh budget of more than £1.1bn for the structural and rural EU funds between January 2021 and March 2025.

### **The Shared Prosperity Fund**

11.4. In addition to the replacement funds being £1.1bn short, the UK Government has used the Internal Market Act to channel SPF funding exclusively to Welsh local authorities – bypassing the Welsh Government and the Senedd despite regional economic development being a devolved matter.

11.5. This means the Welsh Government has been denied any access to the Shared Prosperity Fund (SPF) despite EU funds of around £890m supporting Welsh Government projects through the 2014-2020 EU Structural Funds programmes.

11.6. EU funding has supported pan-Wales Welsh Government projects in areas such as business support, employability, skills and research, development and innovation. This includes Business Wales, the Development Bank, apprenticeship and traineeship programmes, community employability programmes and SMART innovation.

11.7. The under-funding and arrangements of the SPF have also vastly reduced funding for other sectors, including universities, colleges, third sector organisations and business, that previously accessed EU funding at scale through the Welsh Government. These sectors are now reporting job losses and the closure of vital growth and innovation programmes.

11.8. New business support, employability and skills programmes are now being delivered by local authorities but rather than uniform pan-Wales or regional offers, provision and opportunities vary depending on the approach and timetables determined by local authorities. The fragmentation of the funding landscape has created significant risks of duplication of provision, particularly in the areas of business support, employability and skills.

11.9. With both Welsh Government and Local Government projects now serving the same audiences constant dialogue between officials is required to ensure people and businesses access the most appropriate support. Given the scale and volume of projects now in operation, this is an ongoing challenge. A sub-optimal environment for business support, employability and skills provision has been created.

11.10. These scenarios would have been avoided if the UK Government had allowed us to manage full replacement funding through our *Framework for Regional Investment*, which was developed with Welsh partners and the OECD and based on commitments that the UK leaving the EU would involve no loss of funding or devolved powers.

### **12. Our actions**

12.1. I along with other Ministers and officials are frequently meeting local government and our Welsh partners to ensure we avoid duplication of provision as far as possible,



particularly in employability, skills and business support, caused by the UK Government fragmenting the funding landscape in Wales.

- 12.2. We are continuing to hold regular meetings of the Strategic Forum for Regional Investment in Wales, chaired by Huw Irranca-Davies MS, to share information and lessons learned among Welsh partners.
- 12.3. No access to the SPF and our block grant from the UK Government contracting in real terms has meant we have had to make tough decisions around our budget priorities to deliver Apprenticeships, Employability and Business Wales schemes which have previously benefited from EU funding support.
- 12.4. ESF will potentially have provided £206m of funding to the apprenticeship programme between 2015 and 2023. The loss of EU funding, with no identified replacement, will significantly impact apprenticeship delivery from the 2024/25 contract year onwards with fewer apprentices expected to access the programme.
- 12.5. The end of structural funding will have a significant impact on Employability and Skills provision. Employability and Skills programmes including Communities for Work+, Jobs Growth Wales+ and React+ and their predecessor programmes have been significant beneficiaries of ESF funding under the 2014-20 round of programmes with £181m ESF approved in total for these activities. With ESF ending in 23-24 and without replacement funding this presents a significant challenge for employability and skills support from 24-25 onwards.
- 12.6. The increase of funding received in 24-25 for the delivery of the Young Person's Guarantee in comparison to 23-24 will help to reduce the impact of the loss of ESF for our key programmes, however, the cuts to Employability and Skills support directly impact on this funding.
- 12.7. Over the life of the last ERDF programme (effectively 2015-23), the Welsh Government's SMART schemes drew down £37.9m, which resulted in engagements with over 1,800 companies and financially supported over 340 companies & academia with R&D projects worth over £100 million with match funding.
- 12.8. Core funding of £10m for 24/25, which will cover 100% of staff costs and innovation activity such as challenge led procurement competitions, innovation grants, Knowledge Transfer Partnership and international collaboration. This is the final year in the 3 year budget with no budget identified for future years. This will significantly and negatively impact on RD&I support and activity going forward.

### **13. Implementation of legislation**

- 13.1. There is no current legislation requiring provision in the draft budget plans within the Economy MEG.
- 13.2. The [Tertiary Education and Research \(Wales\) Act](#) which became law on the 8 September 2022, establishes the Commission for Tertiary Education and Research, a new Welsh Government sponsored body, and will dissolve the Higher Education Funding Council for Wales (HEFCW) once operational. The Commission for Tertiary Education and Research was established in September 2023 and will be operational

in April 2024, when it will become responsible for the strategy, funding and oversight of the following sectors:

- Further education (FE), including colleges and school sixth-forms
- Higher education (HE), including research and innovation
- Adult education and adult community learning
- Apprenticeships

13.3. The [strategic vision](#) outlines the vision for post-compulsory education and training sector in Wales. The establishment of the Commission for Tertiary Education and Research is essential to realising this vision.

13.4. Through our legislative programme and our Co-operation Agreement commitment with Plaid Cymru we will introduce a statutory registration and licensing scheme for all visitor accommodation. A statement made by the Deputy Minister on 14 December, described our intention to proceed with a phased approach to the scheme.

13.5. The first phase of implementation will involve a registration scheme. Once a registration scheme is fully established, our intention is to develop a scheme which licenses visitor accommodation on safety standards initially, before progressing to include licensing on quality standards.

13.6. Updating or creating new legislation is resource intensive. The detailed analysis required to scope the requirements for the different phases will take time, with varying costs associated with each. Creation of this legislation will be subject to further conversation and, of course, ongoing annual budget discussions. For 2024-25 this work will be delivered within the budget allocation for tourism and discussed annually as part of our budget discussions.

13.7. Employment and Training Act 1973. Under section 8 the Welsh Ministers have a duty to secure the provision of “relevant services” (i.e. careers services such as the provision of advice and guidance and information about persons seeking, obtaining or offering employment and training, etc.) to persons undergoing “relevant education” – that is, education in schools and FE colleges, to decide what employment will be suitable for them and for assisting them to obtain such employment, including any education or training that may be required.

13.8. Learning and Skills Act 2000. Under section 33 the Welsh Ministers must encourage individuals to undergo post-16 education and training, encourage employers to participate in the provision of post-16 education and training and encourage employers to contribute to the costs of post-16 education and training (‘post-16 education and training’ includes full-time and part-time education (other than higher education) and vocational training). Under section 40 the Welsh Ministers must establish systems for collecting information which is designed to secure that their decisions with regard to education and training are made on a sound basis, and they may secure the provision of facilities for providing information, advice or guidance about education or training or connected matters (including employment).

13.9. Industrial Development Act 1982. Under section 12 the Welsh Ministers may make grants or loans to anybody they consider appropriate for the purpose of assisting in the encouragement and improvement of links between industry and those concerned with

education, and the encouragement of young people to take up careers in industry and to pursue appropriate educational courses.

#### **14. Wellbeing of Future Generations (Wales) Act 2015 and Preventative spending**

- 14.1. As part of the 2023-24 budget process, we continue to publish a Strategic Integrated Impact Assessment (SIIA) with the last one published alongside the draft Budget 2023-24, which outlines the contextual evidence that supported our spending decisions, including those related to children and young people.
- 14.2. The SIIA is one of a suite of documents published as part of the draft Budget and is critical to identifying key trends, strategic and cumulative impacts at portfolio level, across a range of areas, including giving due consideration across the statutory requirements.
- 14.3. We have published an updated SIIA alongside the 2024-25 Draft Budget on 19 December.
- 14.4. We continue to be of the view that an integrated approach to impact assessments enables us to better understand the intersectional and unintended impacts of spending decisions and to maximise the impact of available funding, reducing the disproportionate effect on any one specific group or area.
- 14.5. We do this as through considering spending decisions through a number of lenses we can better understand their integrated impact on different groups of people and areas, including consideration of Equalities or the environment. We recognise that people and places are multi-dimensional and the integrated approach seeks to capture multiple and cumulative impacts.
- 14.6. Detailed impact assessments, including a Children's Rights Impact Assessment (CRIA) and Equality Impact Assessment (EIA) are undertaken as part of our ongoing policy development and review and we continue to consider, as part of our Budget Improvement Plan (BIP), how we can better reflect children's rights in our improvement to budget and tax processes.
- 14.7. The Budget Improvement Plan outlines our vision, including short-term and medium-term ambitions over the next 5 years, to improve our annual budget and tax processes, including proposed improvements to assessing the impact of Budget decisions. The plan also reflects on the work undertaken over the last 12 months.
- 14.8. As part of the work this year we are exploring how we can undertake a more extensive review of our SIIA approach. We intend to outline more detail when we publish an updated BIP alongside the 2024-25 draft Budget.
- 14.9. We have engaged our Budget Improvement and Impact Advisory Group (BIIAG) on our SIIA approach and amended our 2023-24 Budget as a result of this engagement. We have also consulted BIIAG alongside a range of experts and international governments, on how we can best reform and make improvements to the way our budget and tax processes are conducted.
- 14.10. In this regard, other governments that are moving in the direction of wellbeing and embedding sustainable development in their budget processes have expressed interest

in learning more about how we have been taking this work forward since 2015-16, as we were one of the first in the world to have adopted this approach.

- 14.11. In January 2022, the Future Generations Commissioner for Wales launched a review into how the Welsh Government implements for Well-being of Future Generations 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.](#)
- 14.12. Under the review 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.
- 14.13. In 2022 the then Future Generations Commissioner Sophie Howe conducted a Section 20 Review into how the machinery of Welsh Government implements the Well-being of Future Generations Act. The review's report was published on 12 December 2022. The Welsh Government accepted the review's recommendation to put a plan in place and we outlined the steps the Welsh Government will take to follow the course of the recommendation.
- 14.14. On 7 February 2023, the Welsh Government published its Well-being of Future Generations Continuous Learning and Improvement Plan (WFG CLIP). The WFG CLIP brings together the actions that the Welsh Government will take now and over the coming years to strengthen our organisation's understanding and application of the WFG Act. The WFG CLIP is the Welsh Government's substantive response to the recommendation in the Commissioner's section 20 review report
- 14.15. Our approach to trade policy, through the lens of the Well-being of Future Generations Act, means we consider trade deals to be about more than purely economic gains. We believe trade deals should contain provisions on other key issues such as worker and gender rights and the environment.
- 14.16. The YPG-National Conversation and the subsequent establishment of the YPG-Young Person's Advisory Board are examples of engaging directly with young people about their lived experiences to inform policy and budgetary thinking.
- 14.17. We also engage and collaborate with stakeholders via a YPG Stakeholder Advisory Group and JGW+ Operational Board.
- 14.18. Continuing to support young people through JGW+ will be a key contribution to preventing young people entering a period of unemployment and disengagement with training or work; and will contribute toward preventing the long-term scarring effects of a period of unemployment.
- 14.19. The main objective of the Jobs Growth Wales+ programme (JGW+) is to provide individualised support to young people (16-18) and equip them with essential skills and employability skills to enable them to progress into learning at a higher level, employment or an apprenticeship at the earliest opportunity, reducing the risk of them becoming NEET. Young people who participate on the programme, will have a range of benefits including an improvement in their essential and employability skills, improved employability outcomes, direct financial benefits, and improvement in their long-term wellbeing outcomes.

- 14.20. It is important to ensure that those with multiple barriers and/or those who share certain protected characteristic have equal access to the programme but also equal outcomes from participating from the programme. Referrals are monitored by age, gender, ethnicity, and disability status, including data and analysis from referral agencies and benchmarking participation rates against local and national averages; and taking positive action to improve participation and attainment by under-represented groups.
- 14.21. The Flexible Skills Programme provides employees an opportunity to upskill which can provide both financial and social benefits such as improving their chance of staying in employment by increasing the likelihood of promotion and boosting their morale.
- 14.22. Communities for Work+ supports the most disadvantaged in the labour market including young people, disabled people, those with long term health conditions, Black, Asian and minority ethnic individuals, carers and parents with childcare responsibilities, over 50s and the low skilled. Evidence shows these individuals have been disproportionately affected by impacts of both the pandemic and the cost of living crisis. The programme provides bespoke 1-2-1 mentoring, training and financial support to address barriers to employment. Communities for Work+ and ReAct+ are Welsh Government's key responses to large scale redundancies. By helping over 22,000 individuals into employment over the past 5 years, Communities for Work+ has been a key Welsh Government intervention in mitigating the impacts of poverty and improving the life chances of not only the individuals themselves but also those of their families.
- 14.23. The aim of the ReAct+ programme is to help those who have been impacted by redundancy, who are short-term unemployed, ex-offenders or offenders serving their sentences in the community and young people aged 28-24 and who are not in education, employment or training find new work in as short a time as possible, thus preventing progression into long-term unemployment.

## **15. Equality, Sustainability and Welsh Language**

- 15.1. 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.
- 15.2. Our Budget through the Strategic Integrated Impact Assessment identifies key trends, strategic and cumulative impacts at portfolio level, across a range of areas, including giving due consideration across the statutory requirements. This ensures strategic budgetary decisions reduce the disproportionate effect on any one specific group or area; whilst also helping to identify opportunities to maximise positive impacts and reduce inequalities across our society. A robust SIIA ensures every pound invested delivers the greatest positive impact.
- 15.3. This document should also be read in conjunction with the Draft Budget narrative and supporting documents, such as the Chief Economist's report and our updated distributional impact analysis, alongside the detail in ministerial evidence papers to committees.

- 15.4. The evaluation of Ser Cymru takes account of Cross Cutting Themes (CCTs) including activity supporting equality sustainability and speakers of the Welsh Language. By supporting research and STEM enrichment programmes we continue to explore and develop how to build ambition and encourage learning for life and help equip everyone with the right skills for a changing world and build resilient communities, culture and language.
- 15.5. Difficult choices have had to be made as part of this budget given the limited resources available. We have chosen to protect our apprenticeship programme as much as possible. Our apprenticeship programme is underpinned by labour market and skills intelligence as well as research. We expect providers to draw on a full range of evidence including economic trends and the needs and expectations of employers, including the demand for net zero skills. Regional Skills Partnerships have a central role providing intelligence and driving change at a regional level so that provision is better aligned to economic growth areas.
- 15.6. Increasingly there is a need for a different mix of skills and qualifications as employers adapt their businesses to meet the opportunities of digitalisation, artificial intelligence and sustainability. Where apprenticeship frameworks and pathways are revised, CTER will need to embed skills for supporting sustainability and climate-neutral goals, driving the net zero growth of sectors including manufacture, transport, energy and the circular economy.
- 15.7. We know that the transition to a greener economy demands high levels of circularity, where resources are kept in use adding economic value and avoiding waste. This can create jobs and skills opportunities in existing and new industries from renewables to repair. This economy is integral to a low carbon society, where the skills infrastructure can support, for example, renewable energy projects and sustainable homes.
- 15.8. With the establishment of CTER comes the opportunity for greater join up between education and training systems, where apprenticeships can work alongside other skills and education programmes to provide smooth access to the right progression for the individual. Further education, higher education and independent training providers need to explore opportunities for collaboration to support vertical progression across apprenticeships.
- 15.9. As part of this budget, we are protecting the Employer Incentive Scheme aimed at encouraging employers to recruit apprentices. The scheme encourages employers to recruit disabled people by providing a financial incentive. Furthermore, we are continuing the supported shared apprenticeship programme introduced to specifically enable disabled people with complex learning and employment needs to access an apprenticeship.
- 15.10. Careers Wales and Working Wales are remitted to help people secure the best career available for them. This involves receiving support to raise aspirations, increase awareness of training and employment opportunities, support people to develop the skills and competencies to manage their own careers, and help people apply these capabilities to access and progress in, appropriate training, further learning, or employment. The use of images, language, and the various media, used to promote or provide services, takes into consideration the different needs of their customers. Careers Wales, as with all our employability and skills provision, provides a fully bilingual service across all its service 'channels' including telephone, face to face and website.

- 15.11. Our network of Disabled People's Employment Champions help closes the gap between disabled people and the rest of the working population. The champions have addressed hundreds of employer and key delivery partners at fora and events, linking with employers who are seeking to recruit to a pool of disabled people who are actively seeking employment; providing employment advice for the business community; advising on policy changes and procedures and helping companies make the Disability Confident Commitment.
- 15.12. In terms of Welsh-medium and bilingual apprenticeships, providers and the Coleg Cymraeg Cenedlaethol are working collaboratively to increase capacity in the sector and this work will need to continue if we are to create more opportunities for young people to learn and train through Welsh. CTER will have also specific duties in relation to the Welsh language and will need to work effectively with providers and the Coleg so that more young people can learn through the medium of Welsh and develop their Welsh language skills.
- 15.13. The role of the Coleg Cymraeg Cenedlaethol has been expanded to provide targeted support for the further education and apprenticeship sectors. The Coleg's ambitious Further Education and Apprenticeship Welsh-medium [Action Plan](#) sets out the actions needed to increase capacity in these sectors and we are investing additional funding to support delivery in priority areas. Work with the Coleg is continuing to identify sectors where new frameworks or additional capacity for Welsh-medium and bilingual apprenticeships should be developed. Additionally, to encourage uptake of Welsh-medium and bilingual apprenticeships we have recently introduced an innovative funding model which applies an uplift for provision which is delivered bilingually.
- 15.14. The main objective of the new Jobs Growth Wales+ programme (JGW+) is to provide individualised support to young people (16-19) and equip them with the essential and employability skills to enable them to progress to learning at a higher level, employment or an Apprenticeship at the earliest opportunity, reducing the risk of them becoming Not in Education, Employment or Training (NEET).
- 15.15. There is evidence that the target cohort are more likely to have multiple barriers, for example additional learning needs, mental health and housing issues. They may also have caring responsibilities for others with health problems and or have difficulty accessing work due to rurality and transport issues.
- 15.16. The programme helps give young participants a greater chance of gaining sustainable work and in turn reducing poverty. The programme is also increasing opportunities for individuals by enabling them to participate in cultural activities, which will encourage and promote involvement in the arts, sports and recreation. The programme promotes team building, community activities as well as an appreciation and understanding of the benefits of physical activity.
- 15.17. Within the Community Strategy, providers set out how they reflect the needs of the young people in the local community. They set out how they work closely with local employers and other stakeholders (including local authorities, Careers Wales, third sector and other community organisations), to embed themselves in the local community, make local connections and work together to meet long term wellbeing goals of young people.



- 15.18. Our Communities for Work+ programme support the most disadvantaged in the labour market including young people, disabled people, those with long term health conditions, Black, Asian and minority ethnic individuals, carers and parents with childcare responsibilities, over 50s and the low skilled. The programme provides bespoke 1-2-1 mentoring, training and financial support to address barriers to employment. The substantial cuts in the programme's budget will directly impact on support and outcomes for these individuals.
- 15.19. The ReAct+ programme is committed to the cross-cutting theme of sustainability and the delivery of the programme is now largely online; this has reduced the programme's reliance on paper forms. The programme is underpinned by robust labour market information and can fund training courses which equip programme participants with the skills sought by employers in new and emerging sectors. The programme has funded courses with a 'green' element such as recycling and installation of solar panels. The programme encourages participants to undertake training courses as close to their homes as possible to reduce travel. Where travel to training courses is necessary, participants are encouraged to use public transport wherever possible.

## **16. Impact on Deprivation and Poverty**

- 16.1. We know that inequality has a negative impact on economic growth and social outcomes. Growth is best secured when we maximise people's participation in good quality, sustainable work, where they receive fair pay, ensuring this is shared fairly across geographies and demographics, particularly amongst under-represented groups.
- 16.2. We will continue to encourage young people onto apprenticeships as part of the [Young Person's Guarantee](#). The 16-25 age group will remain a priority for people starting apprenticeships – we annually set priorities for commissioned apprenticeship contract holders. Our marketing and communications strategy is focussed on promoting new apprentices and employers through celebrating achievements and the benefits of apprenticeships widely; building awareness of the opportunities the programme has to offer to employers of all sizes. We have expanded front-line advice services via Working Wales, Communities for Work Plus (CfW+) advisor and mentor infrastructure and Employment Bureaus in Further Education. Also aiding the transition of young people from education into the labour market and ensure there are multiple access points for adults and young people, attached to their existing institution or provider.
- 16.3. In addition, we will monitor the impact of cuts made to our programmes. We have recently been examining using an apprentice's history of free school meal eligibility as an indicator of deprivation, and the link between this and success rates. That work was published in an article [Using free school meal history as an indicator of deprivation for apprenticeship and adult learning outcomes: August 2021 to July 2022](#) on 7 November. The data predominately relates to 16-24 year olds. Officials are working to understand the impact by skills sector and apprenticeships level and consider what interventions could support improvements.
- 16.4. 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. Our employability programmes aim to support people into quality sustained jobs.



- 16.5. The Flexible Skills Programme offers employers an opportunity to up-skill its workforce by supporting new training interventions. This provides a direct benefit to individual members of workforce who receive enhanced and transferrable skills because of Welsh Government investment. It actively supports Welsh Government ambitions for reducing in-work poverty by raising the skill sets of the current workforce in Wales which provides individuals with an opportunity to progress in employment and increase their salary as a result of this.
- 16.6. All our Employability Programmes enable participants to access direct financial support for barriers such as travel and subsistence costs whilst undertaking training, attending work experience or interviews. Similarly childcare costs can be funded whilst individuals are undertaking training and essential start-up costs for those entering self-employment are also funded.

### **17. Changes to the demographic – Ageing population**

- 17.1. Our workforce in Wales is getting older and young people joining the labour market may not fill all the vacancies. Across the UK the post-World War II baby boom generation is now in or approaching retirement age. Since the older demographic represents the largest proportion of UK born people, the over 50s labour pool is growing whilst the pool of under 50s which will take their place is declining. This demographic change is placing pressures on employers who are finding it increasingly difficult to recruit and retain staff.
- 17.2. The apprenticeship sectors particularly affected are those which are human-intensive and where work does not lend itself to automation, such as health care, construction, and hospitality. Against the context of the end of European free movement of labour, attracting talent into these sectors can be problematic. In the Welsh context, construction is the least affected by the end of free movement and most apprentices are aged 16-19, which is a priority group. For health care and hospitality, apprenticeships in themselves cannot resolve recruitment problems – pay and conditions relative to other sectors impacts on recruitment. Our marketing and communications strategy will remain focussed on promoting new apprentices and employers; and the we-care social care campaign will remain active.

### **18. Preventative spending and Value for Money**

- 18.1. These budget proposals reflect my continuing commitment to protect and prioritise investment that supports preventative measures as far as possible with the difficult decisions I have had to make across my portfolio. 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.
- 18.2. The assessment and value for money is referenced further down in the specific questions.

## b) Specific areas

b.1. This section provides an update on specific areas requested by the Committee.

### **19. Economy**

#### ***Support to help business and workers as a result of the increased cost of living and Ongoing support to help businesses with long- term recovery from the pandemic***

19.1. Direct support is available for businesses facing uncertainties due to the cost-of-living crisis and recovering from the impact of the pandemic 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, dependent 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.

#### ***Allocations in relation to the Freeport Programme in Wales***

19.2. The Freeports programme includes some costs that are met by the UK Government and others that Welsh Government is expected to meet. The UK Government has indicated it is providing £2m of capacity funding for the prospective Freeports (£600k in 2023/24 and an expected £1.4m in 2024/25). This funding is paid to the Freeports by Welsh Government and reimbursed by the UK Government. The transfers will be actioned later in 2024-25 once this funding is formalised by the UK Government in our budget.

19.3. Direct costs for Welsh Government to date include staff in Welsh Government, legal support and technical advice. Future costs will also include for monitoring and evaluation and the costs associated with the use of devolved levers in Welsh Freeports. The costs associated with the use of devolved levers, such as Non-Domestic Rates relief and retention, are not yet known. These are expected to become clearer as prospective Welsh Freeports submit their Outline Business Cases in December.

19.4. The UK Government announced in the Autumn Statement an extension to the Freeports Programme in England to 10 years. The Welsh Government is working with the UK Government to assess the implications of an extension for devolved levers and to consider whether this can be applied within Wales.

#### ***Allocations in relation to the potential creation of 'investment zones' in Wales***

19.5. Since the UK Government launched the Investment Zone Programme, we have been engaging with them at Ministerial and official level on the detail of their policy and approach. A decision has been made to create 2 Investment Zones in Wales.

#### ***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 2 programme)***

#### **Regional Economic Frameworks (REF's)**

19.6. In December 2021, we published the regional economic frameworks for the four regions in Wales. The Regional Economic Frameworks 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.

- 19.7. The frameworks have been shaped with partners in each of the regions, including local authorities and regional bodies.
- 19.8. 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.
- 19.9. This mature approach is essential to the creation of a shared vision with common objectives to deliver a fairer, greener and more prosperous Wales.
- 19.10. In addition to the direct allocation of funding through my MEG the REFS provide the strategic priorities for regional investment across Government. In addition there is a small regional budget of £300k allocated for 24/25 to support a range of projects which align to the priorities of the REF.

## **Tech Valleys**

- 19.11. A revenue allocation of £1.758m for financial year 2024-25 will support the Welsh Government's Tech Valleys Programme for Government commitment - a ten-year, £100 million commitment 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.
- 19.12. To-date, Tech Valleys investment has helped created 298,000 sq. ft. of new and refurbished floor space, enabling 600 potential jobs. It is supporting resilience, efficiency and the up-take of technology in small and medium sized businesses and raising awareness of STEM-related careers and promoting the take-up of STEM subjects at school and post 16. These figures will continue to grow as project currently in development come to fruition.
- 19.13. One of our biggest investments through the Tech Valleys Programme is over £16 million for the establishment of the Thales Ebbw Vale Technology Campus – a partnership between the Welsh Government, academia, business and Thales UK Ltd. The campus provides world-class, cutting-edge facilities which research solutions into the cyber resilience of critical national infrastructure and is a key economic development and growth catalyst project in South Wales.

## **ARFOR 2**

- 19.14. In October 2022, Welsh Government, as part of the Co-Operation Agreement with Plaid Cymru, committed to co-produce phase 2 of the ARFOR programme with local government committing £11m (over 3 years) towards the programme. The ARFOR funding has been reprofiled to £4m in financial year 23-24 and £7m in 24-25.
- 19.15. Officials continue to work with the existing ARFOR Board (comprising of the 4 local authority Leaders of Ynys Mon, Gwynedd, Ceredigion and Carmarthenshire and their officials) to take forward the ARFOR 2 programme which will:
  - a. Seek to build on the experience of the previous ARFOR programme
  - b. Take account of the evaluation report from Wavehill Consulting

- c. Complement existing or proposed activity, which is of relevance, including for example Business Wales, Welsh Housing Communities Plan and the work of Simon Brookes etc.

19.16. Having undertaken detailed planning work around the proposed interventions the programme is now into delivery. It aims to deliver a number of economic interventions supporting those communities in the 4 local authorities where incidence of Welsh speakers is highest.

***The financial allocations associated with the foundational economy enabling plan and the Backing Local Firms Fund***

19.17. The Backing Local Firms Fund (BLFF) is a Programme for Government commitment introduced in this Senedd term. Since its introduction, the BLFF has been aimed at supporting micro, small and medium firms with a head office in Wales to help overcome issues and barriers they face, especially when doing business with the public sector in Wales.

19.18. The first BLFF allocation in financial year 2021/22 amounted to £1m and has since grown to c£1.4m of the £3m Foundational Economy (FE) programme budget. The remainder of the budget has supported delivery of non-BLFF activity, including the Capability Networks delivered through Cynnal Cymru; funding procurement improvement work in NHS Wales; social care micro care providers; work experience in delivery of housing projects; and developing a strategy for public sector sourcing of local food.

19.19. As part of our contribution to support the wider Welsh Government reprioritisation exercise, we are reducing our bespoke funding towards the Foundational Economy (FE) programme from £3m to £1.163m in 2024-25. The removal relates to the BLFF element of the FE programme. We will mitigate the reduction by working with Business Wales to ensure they are focussing on priority sectors and learning previous lessons from the programme.

***The Development Bank for Wales – including support for employee-owned businesses***

19.20. The Development Bank of Wales delivers a suite of funds and services on behalf of multiple departments. It is one of Wales's cornerstone economic development institutions. It delivers to both businesses and individuals (operating schemes such as Help to Buy Wales and Help to Stay to the latter), it supports Government in managing several complex investments and loans and is the vehicle for the Mutual Investment Model Scheme which supports delivery of key capital infrastructure projects across Wales.

19.21. Because of historic investments made to capitalise the bank, the Development Bank is no longer reliant on EU funding or successor UK based funds to sustain significant investment with Welsh businesses.

19.22. In 2023 the Development Bank launched a Green Business Loan Scheme. The £10m pilot is proving popular with businesses, with £6m of loans expected to be issued in this financial year.

- 19.23. DBW is delivering on Programme for Government commitments to (i) increase the use of equity stakes in business support and (ii) increase the availability of patient capital to businesses.
- 19.24. Since the start of this Senedd term in 2021, DBW has increased the use of equity stakes in business support from £13.8m to a rolling 3-year average of £16.1m per annum and has expanded its provision of patient capital (debt) to businesses from £27.8m to a rolling 3-year average of £34.5 per annum.
- 19.25. Headline results from the 2022/23 Annual Report and Financial Statements:
- £238 million total impact on the Welsh economy
  - £124 million direct investment into Welsh businesses – a year on year increase of 14%
  - 516 investments into 435 businesses
  - 4,669 jobs created or safeguarded, a 32% increase year-on-year
- 19.26. Development Bank of Wales investment has grown steadily since launch in 2017, increasing from £68m in 2017/18 to £124m in 2022/23.
- 19.27. Because DBW operates financial instruments, loans and investments, it receives back a large proportion of the funds it deploys. This makes the net cost of delivery very low when compared to other routes such as grant funding. Moreover, DBW funding normally leverages significant private sector funding, improving further the overall value proposition. £114m additional investment from banks and other private-sector co-investment in 2022/23.
- 19.28. The British Business Bank has launched a new Investment Fund for Wales, valued at £130m over 5 or more years. We do not expect these new funds to displace Development Bank of Wales funding already in place as there is scope for all funds to be deployed in the market – particularly given the prevailing economic context where mainstream lenders are being more risk averse.
- 19.29. In 2022/23 the Development Bank saw growth in North Wales with businesses in the region receiving £30.7m in support, a total of £52m of support was provided in South-East Wales and £40m in Mid and West Wales.

### ***Financial allocation to Business Wales***

- 19.30. The revenue funding allocated as part of the 2024-25 draft budget to support Business Wales stands at £20.926m. This allocation will support the five themes of work delivered by the Entrepreneurship and Business Wales division, which are:
- **Digital and helpline service** provides a fully bilingual, accessible point of contact offering a full range of information and guidance for entrepreneurs and businesses. This provides impartial tailored information and resources to help navigate business support. The Sell2Wales procurement portal promotes opportunities for businesses to access and win public sector contracts.
  - **Business Wales supporting entrepreneurs and business start-up** inspires and develops the capability of entrepreneurs by developing a culture of entrepreneurship and business start-up in Wales focussing on reaching out to young people in education and those under 25 years, adults who are considering starting their own business, and targeted outreach for individuals underrepresented in business start-up and society.

- **Business Wales development and advisory support** builds the confidence and resilience of the business community in Wales through the provision of dedicated advice, support and focussed relationship management. The service provides advice and specialist support in a breadth of helping businesses create opportunities for employment, access finance seek new markets and improve business practices and their productivity.
- **Business Wales Accelerated Growth programme** provides tailored business support, relationship management and specialist coaching for selected pre-revenue and established businesses that can demonstrate the aspiration and potential to achieve high growth. High growth support is delivered by highly skilled coaches and mentors and is supported with a suite of dynamic online high growth tools.
- **Social Business Wales** provides a dedicated, collaborative specialist service for social enterprises focused on achieving the outcomes as set out in the ten-year Vision and Action Plan 'Transforming Wales through social enterprise'. This includes one-to-one business support, to eligible new start and growth social businesses, dedicated employee ownership support and peer mentoring support.

***The financial allocations to deliver the Programme for Government commitment to 'seek to double the number of employee-owned businesses'***

19.31. 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.

19.32. There were originally 37 and this has grown to 68 in Wales. The scale of the employee-owned sector has grown in the past few years with the potential for many more and we expect to achieve our target of 74.

19.33. 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.

19.34. The Welsh Government's Business Wales and Social Business Wales (£1.7m allocated to social enterprise out of the £20.9m 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.

***The Community Bank***

19.35. During this financial year Monmouthshire Building Society stood back from their commitment to deliver the Community Bank. Officials are therefore actively seeking new delivery partners.

19.36. No budget has been allocated as part of this draft budget to support the delivery of the bank. However, to actively support Community Bank related action, a revenue budget of £100k has been allocated within the Business and Regions Budget Expenditure Lines to support this. This enables us to:

- Carry out market insight work to test the viability of a community bank proposition in the marketplace.
- Legal and financial due diligence work related to any proposition and;
- Cost of supporting Bank Cambria, enabling them to work with potential delivery organisations.

### ***Support for key manufacturing sectors such as aerospace, automotive and steel***

19.37. Our Programme for Government is committed to supporting strategically important sectors for Wales and the UK.

19.38. We provide funding to support the work of Industry Wales, who are a voice for manufacturing in Wales across key sectors including aerospace, defence, space, and automotive.

### ***Aerospace & Defence & Space***

19.39. The Aerospace Wales Forum (AWF) is the trade association for all companies operating in the Aerospace & Defence and Space sectors in Wales. It was set up in 2001 and is the voice of the sector in Wales, providing a voice for the sector and for providing many services. The funding we provide to Industry Wales includes core funding for AWF and has also received funding to create a network of companies engaged in maintenance repair and overhaul (MRO) so that they may collectively trade and thus attract greater potential trade than they would individually.

19.40. There are 11 companies who make up the Hub (Oct 2023) and over 50 companies operating in MRO in Wales. AWF provides companies opportunities to participate in global trade shows, in primes' supply chain programmes, in business improvement activities and in network events it holds for its 170 members.

19.41. Our investment in AMRC Cymru supports Airbus' Wing of Tomorrow as a core activity alongside open access facilities for wider industry. Successful bids for WoT programme elements such as SusWing and DAWN have brought large ATI investments into Wales.

### ***Automotive***

19.42. The funding Welsh Government provide to Industry Wales includes core funding for the Welsh Automotive Forum (WAF). We benefit from regular real-time updates on the position of the automotive sector from WAF's roundtables which continue since Brexit and pandemic. We are updated on the impact of global freight disruptions, the semiconductor chip crisis, the impact of Brexit, the current cost of doing business crisis, the difficulties in recruiting and retaining staff and geopolitical tensions, increased material cost and lead times.

19.43. We continue to fund WAF to support the sector and the wider Welsh supply chain to transition to low/Zero carbon vehicles.

### ***Toyota Lean Clusters programme***

19.44. Since the current programme, with the greatest amount of support to date for this engagement, launched in October 2021, 5 cohorts of groups from Welsh businesses

have joined the Lean Start programme, the flagship element, with 44 groups participating (some companies have repeated).

## **Steel**

19.45. As detailed in Net Zero Wales published in October 2021, the industry and business sector accounted for 38% of Welsh emissions in 2019. Of the total emissions from the industry and business sector 37% are from the iron and steel industry.

19.46. Decarbonisation of the steel industry continues to be a priority for the sector. Delivering a just transition to a low carbon future is critical and because of the mix of reserved and devolved responsibilities relating to business and industry and we need to work closely with the UK Government to deliver the right policy mix.

19.47. 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.

## **Supply Chain Mapping**

19.48. A review of the Manufacturing Action Plan (MAP) was undertaken in 2022/23 to update the plan and it set out the areas where we are focussing our collective efforts, framed against six strategic objectives:

- Address the climate emergency by decarbonising the manufacturing sector in Wales, underpinned by Circular Economy methodology.
- Develop the conditions to anchor key manufacturing companies in Wales including the provision of modern infrastructure and resilient supply chains.
- Identify and develop the necessary leadership and workforce skills required to achieve 'Wales 4.0'.
- Strengthen collaboration between stakeholders to embrace technological change and deliver more commercial Innovation at pace.
- Embed 'Fair Work' employment principles in Wales, promoting inclusivity, security, and protecting our cultural heritage.
- Mobilise business support to equip Welsh manufacturers to meet future demand for products of strategic importance.

19.49. Within these six objectives are a range of current and planned activities which will contribute to their overall success. An example of work that is currently being progressed includes a supply chain mapping exercise in areas of strategic importance to Wales and which will provide opportunities for Wales based manufacturers in the short, medium and long term. Our initial focus is around decarbonisation and renewables and includes Fixed and Floating Offshore Wind, the Optimised Retrofit Programme and the provision of Electric Vehicle Charging Infrastructure. The objective is to identify current supply chains and most importantly, potential future supply chains in Wales.



### ***The allocations to deliver Welcome to Wales: priorities for the visitor economy 2020-25, including Wales Tourism Investment fund and Brilliant Basic's Fund***

19.50. 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.

19.51. Planned activity in 2024-25 includes investing in our marketing programme, grading, investment in skills and our capital development programme allowing us to continue a sustained promotion of core products e.g. the Wales Coast Path; supporting complementary activity across Events Wales and others and working in collaboration with WG stakeholders such as Transport for Wales, Cadw and Landscapes, Nature and Forestry

19.52. £9.126m revenue and £5m capital in 2024-25 will support the delivery of this priority.

### ***The allocations to deliver the 2024-25 Wales Tourism Investment Fund***

19.53. The £50m Wales Tourism Investment Fund (WTIF), is a combination of grants and loans, managed by the Development Bank of Wales, which will continue to help finance capital investment in projects that grow the sector and have a positive impact on the Welsh economy.

19.54. The fund will bring together both commercial and grant funding into one combined package of financial support to provide capital investment for the sector and will help finance capital investment in tourism projects which have the opportunity to create positive impact on growing the sector and Welsh economy. WTIF will continue to support eligible capital projects during 2024-25 which will enhance the tourism offering of Wales by supporting our strategy for the sector.

### ***The allocations to deliver the Brilliant Basics Fund***

19.55. The £5m capital fund for 2024-25 will help to deliver small-scale infrastructure improvements in strategically important tourism locations across Wales. In 2023-24, it was open to local authorities and National Park Authorities and 30 full applications from projects across Wales were received.

19.56. We are maintaining this investment in 2024-25 to further meet the objectives of the fund, which are to:

- Invest in small infrastructure projects that benefit both communities and visitors in strategically important tourism locations.
- Develop high quality infrastructure projects that support the wider tourism offer in destinations giving visitors a memorable experience throughout their stay.
- Support basic facilities to remain open all year and cater for visitors well into the evening.

### ***Support to deliver 'Together for retail: a Wales Retail Forum action plan'***

19.57. The Retail Action Plan was launched in May 2023 and brings together a number of actions to support the retail sector advance toward the Retail Vision. The Action Plan is

a product of social partnership work lead by the Retail Forum, with actions are collectively agreed and owned.

- 19.58. The Retail Forum was brought together to support continued close working between retailers, retail sector representatives and Welsh Government, with the initial aims of building on the good relationships and collaboration which was seen during Covid-19. The Vision was developed in recognition of the need to support the retail sector post-covid as very significant structural changes to our high streets and consumer shopping behaviours are resulting in very serious challenges for retail and workers in the sector.
- 19.59. A conscious decision was made by the Retail Forum that the Action Plan was developed to provide purpose, direction and focus and to influence how all parties engaged would utilise the resources and levers available. There was no identified or ring-fence funding to support the actions in the plan.
- 19.60. The Action Plan identifies opportunities to collaborate and use the available tools and levers across the social partnership to deliver positive outcomes identified for the retail sector in Wales. The Action Plan focuses on where the social partners can raise awareness and utilise existing support measures across for example the Welsh Government, like through the young person's guarantee and utilise our ability to convene parties, to advance work identified in the Action Plan to support those who work in the sector and the retail businesses to play their part in contribution for example to Welsh Governments net zero ambitions.
- 19.61. The Welsh Government is aware however that budget pressures elsewhere in the Government will have some impact on the and scale of delivery of some of the Plan's actions and may lead to some activity being deferred or proceeding at a slower pace.
- 19.62. Retail is one of the largest private sector employers in Wales. The Action Plan outlines actions to work on delivering better outcomes for those who work in the sector, ensure retail has a future in our towns and city centres and contributes to wider work to advance towards Net Zero and make sure Retail is actively tackling issues on equality, diversity and inclusion.

***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***

- 19.63. The Welsh Government is committed to supporting Welsh businesses and our Net Zero Plan is the start of our journey to a net zero and greener, stronger, fairer Wales.
- 19.64. As outlined in the Programme for Government, the Welsh Government has the vision and ambition to address the climate and nature emergency and will make sure that nature and the climate are on the agenda of every private sector business, integrating positive action for nature into more of our economic activity.
- 19.65. Business Wales aims to build strong resilient companies and provides access to a range of business advice, information and signposting as well as specialist strands of advice such as support on green policies, practices and resource efficiency, as well as workshops and one-to-one advice. Business Wales promotes and is working to embed decarbonisation and climate change considerations into service delivery, so that they are central to discussions with businesses alongside fair work and productivity.

- 19.66. As part of our commitment to the Net Zero Plan, Business Wales works with businesses in Wales, particularly SMEs, to incorporate energy efficiency, resource efficiency and new low carbon technologies into their workspaces and manufacturing facilities and develop new ways of working. This support includes advice to businesses on longer term change together, awareness of financial support to decarbonise along with advice in dealing with the economic impacts of the energy crisis. This includes development of the Green Growth Pledge, which helps business realise the financial, environmental, and societal benefits of operating more efficiently, taking practical steps to reduce and reuse, source responsible suppliers, innovate and win more business, alongside the Economic Contract for relationship managed SMEs.
- 19.67. The Development Bank of Wales has launched a new 'invest to save' offer called the Green Business Loans Scheme, which will help businesses reduce their carbon emissions and save money on their energy bills. This pilot scheme will provide green business loans, which will enable businesses in Wales to borrow money at discounted rates and on flexible repayment terms, so they can invest in measures to reduce not only their carbon footprint but also their energy bills. Businesses can use the money to improve the energy efficiency of their premises, invest in renewable energy technology or upgrade their machinery and systems to reduce their waste, water and energy use. In addition to the discounted loan offer, businesses utilising the scheme will have access to consultancy via Business Wales, to support them to decide what to invest in.
- 19.68. The Business Wales website and social media channels have shared messaging and published a range of content regarding resource efficiency and climate change including events, funding and business support advice.
- 19.69. Business Wales offers a range of workshops and webinars which provide businesses with support to adapt to emerging climate change challenge, for example attendees at our start-up workshops are asked to create a green growth pledge to help them understand the benefits of sustainable business practices.
- 19.70. Businesses can access carbon footprint calculators for free at <https://www.carbonfootprint.com/calculator.aspx> and <https://www.carbonindependent.org/>.
- 19.71. Carbon off-setting schemes are also available for businesses such as Forest Credits, Size of Wales and Ecosia.
- 19.72. In addition, resources relating to Carbon Capture Technology and Land Management Approaches for Net Zero are available on the Farming Connect website.
- 19.73. Decarbonisation Advisers are available to support businesses to adopt or improve environmental strategies, and work with businesses towards creating a resource efficient and resilient business.
- 19.74. Advisers 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. They can also help businesses reduce overheads and increase profitability; comply with health, safety and environmental legislation; enhance business image with customers, employees and the local community and improve the workplace and the local environment.

## ***Detail on budget allocations relating to the Welsh Government's policy on remote working strategy***

19.75. *There is no budget allocation provided for the remote working strategy in 2024-25.*

19.76. Introduced in September 2020, the remote working policy promotes a workplace model where staff can choose to work in the office, at home or in a hub location. In March 2022, Smarter Working: A Remote Working strategy for Wales was published following feedback from key stakeholders, including the Shadow Social Partnership Council and key Welsh Government departments. This strategy outlined our approach to achieving 30% of the workforce working at or near to home in this Senedd Term.

19.77. A network of hubs was also established, with a small number receiving funding to trial their effectiveness. Since that pilot work finished, many such spaces have been set up, by both public and private sector organisations.

19.78. Monitoring of the current picture across Wales has indicated that these different ways of working have now been adopted by many organisations and businesses, which have already embedded remote and hybrid working practices into their operations. To date we have:

- Published the strategy, accompanying impact assessments and case studies.
- Published guidance to business, available on the Business Wales website.
- Worked with Trade Union and Local Government colleagues on a report on agile and flexible working for the Workforce Partnership Council.
- Provided small grants and support for a small number of local work hubs and published a list of local work spaces on gov.wales.
- Undertaken a public engagement exercise on what people want in a remote working hub or space.

## **Skills & Employability**

### ***The total quantum of funding intended to be deployed on delivering the Young Persons Guarantee in 2024/25.***

19.79. The Young Persons Guarantee (YPG) is the umbrella structure, which sits above all programmes for young people, aiming to create a simple journey for young people regardless of their circumstances and background.

19.80. The main Programmes and schemes (as well as lead Minister responsibility for them) identified within scope of the Young Person's Guarantee are as below. The total quantum of funding intended to be deployed on delivering the Young Persons Guarantee in 2024/25 could reach, given there are some demand-led programmes, **circa £1bn** across both Education and Welsh Language and Economy MEGs, but it should also be noted some programmes are available to all-ages and some of the programmes are funded over academic years rather than financial years.

### ***The level of funding intended to be deployed to deliver Personal Learning Accounts in 2024-25.***

19.81. Personal Learning Accounts (PLA) funding sits within the Education and Welsh Language MEG. Budget pressures within that MEG has led to a decision to cut the PLA budget line to zero (from £17.9m). Officials are working with the FE sector to ensure PLA activity is mainstreamed and prioritised within FE part-time provision.

Absorbing this level of funding into mainstream part-time will, however, affect other forms of part-time provision currently delivered across Wales.

***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 Young Persons Guarantee) A list detailing the main providers for each of the programmes including their 2024-25 contract values.***

19.82. These have been provided in **Annex C**.

### **Work-based Learning - Apprenticeships**

***The actual 2022-23 and forecast 2023-24 outturn for the apprenticeship programme and traineeship programme***

19.83. The Traineeship Programme ceased at the end of 2021-22.

19.84. The actual 2022-23 outturn for the Apprenticeship programme was £107.2m (including ESF income of £18.8m). The forecast outturn for this programme in 2023-24 is £109m.

19.85. ESF will potentially have provided £209m of funding to the apprenticeship programme between 2015 and 2023. The loss of EU funding will significantly impact apprenticeship delivery from the 2024/25 contract year onwards. Ministers and Officials are working to address this shortfall.

19.86. The Minister for Economy has provided a 5% increase to all apprenticeship funding band values to acknowledge general running cost increases in delivering the service and maintain quality provision. This is applicable to all delivery from the beginning of the 2023/24 contract year.

***Details of any transfers out of the 2024-25 Work-Based Learning Action to fund Degree Apprenticeships***

19.87. No transfers are being actioned as part of the draft budget 2024-25 to support Degree Apprenticeships. For 2024-25, the HEFCW budget will transfer to the new Commission for Tertiary Education and Research and will prioritise funding for incumbent apprentices and apprentices on newly developed programmes, with funding being determined in preparation for the first supplementary budget 2024-25, with any transfer from the Work Based Learning Action agreed at that point.

***Details of any funding utilised in 2023-24 and forecast to be used in 2024-25 to develop new apprenticeship frameworks and review existing apprenticeship frameworks.***

19.88. The Welsh Government commissions new and revised apprenticeship frameworks via recognised Development Partners.

19.89. In order to ensure the apprenticeship, offer remains current and relevant to the needs of employers in Wales, £0.200m has been allocated in 2023-24 for the development of apprenticeship frameworks in Engineering & Advanced Manufacturing, Education & Public Services, Business & Management and Sports Development. This amount is based on expenditure in previous years.

19.90. In addition, recognised Development Partners are also able to request to develop and review frameworks. These are non-commissioned reviews but must be agreed by the Welsh Government prior to commencement. In 2024-24, the Welsh Government has agreed to the non-commissioned development and review of frameworks in Healthcare, Financial Services and Regulatory Compliance.

19.91. It is our intention to continue to develop and review the frameworks outlined above in 2024-25 and to also plan to commission the development and review of frameworks in the following sectors: Agriculture & Environment; Early Years Education and Playwork; Creative, Design & Media.

***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 2024-25***

19.92. A prime objective of the Welsh Government Apprenticeship Programme is responding to skills shortages and gaps in sectors critical to drive productivity and economic growth such as supporting our net zero ambitions, the foundational economy and public services.

19.93. Informed by Regional Skills Partnerships (RSPs), labour market intelligence (LMI) and interaction with sector bodies we are committed to increasing apprenticeship numbers, especially in sectors with skill shortages. We will do this by promoting the benefits of apprenticeships via a range of multi-media campaigns throughout the year which will target both individuals and employers by utilising channels and tactics informed by market intelligence and research.

19.94. We work with providers to effectively plan to meet employers skills priorities and shortages by putting in place interventions which include:

- responding to skills shortages and gaps in priority sectors critical to drive productivity and economic growth, supporting our net zero ambitions, the foundation economy and public services;
- prioritising and supporting young people into apprenticeships ensuring provision offers clear career pathways and sustained employment, supporting the Young Person's Guarantee; and
- accelerating the delivery of higher-level apprenticeships in STEM and technical areas.

19.95. Additionally, we expect providers to continue to enhance the employability of disadvantaged and under-represented groups and improve the availability and visibility of apprenticeships through the medium of Welsh and bilingually.

19.96. We expect providers to effectively plan and develop provision at a national and regional level to meet our objectives and delivery against our Programme for Government commitment to create 125,000 apprenticeships; placing quality at the core of delivery, building the prestige of apprenticeships via each of our objectives and supporting our drive for parity of esteem between vocational and academic provision where opportunity of choice is engrained in our education and skills system.

19.97. Informed by RSPs, LMI and interaction with sector bodies we have identified national sector priorities to support the delivery of our objectives:

- Health and Social Care & Early Years Care
  - Digital and Information Technology
  - Net Zero sectors and occupations, including energy, housing, renewables, and transport.
  -
- 19.98. STEM (Science, Technology, Engineering and Mathematics) and technical sectors and occupations remain a cross-cutting priority, supporting the broader priorities above.
- 19.99. Regarding Net Zero sector and occupations, we expect providers to focus on skills / jobs around four areas:
- New and emerging jobs that relate to the transition to net zero.
  - Displaced jobs as sectors transition.
  - Jobs needing enhanced skills or competencies.
  - Existing jobs needed in greater numbers.
- 19.100. Evidence suggests that these occupations are likely to be at level 3 and above in STEM and technical areas; RSP's employment and skills plans identify specific sectors and occupations where there are future skills needs.
- 19.101. We work with the network to effectively plan to meet our objectives and priorities, putting in place interventions including:
- increasing or migrating provision into priority, growth and emerging sector areas, for example, in digital and net zero related skills;
  - increasing the proportion of provision at level 3 and above;
  - using labour market information to support national, regional and local priorities; and
  - developing approaches that takes account of technological changes within industries.
- 19.102. Employees in the priority age group of 16-24 are eligible for all apprenticeships opportunities.
- 19.103. Our general approach is that employees (excluding disabled individuals) aged 25 plus are ineligible for a level 2 or 3 Apprenticeship if they have been employed for more than 12 months in the same job role and aim to undertake a generic framework. 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.
- 19.104. 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.
- 19.105. 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.

## **Regional Skills Partnerships**

### ***Details of the funding to be provided to each RSP and for what purpose***

- 19.106. We are continuing to work with four Regional Skills Partnerships (RSPs) to identify regional and sub-regional skills priorities. RSPs are a pivotal component of the regional skills landscape, providing labour market intelligence to Welsh Government. They work closely with employers to identify employment and skills priorities. In addition, they are providing an additional focus on key policy areas such as Digital Skills, Net Zero Wales, Welsh Language, National Occupational Standards as well as strategic priorities for the further education sector and apprenticeship delivery.
- 19.107. Strengthening RSPs remains a Programme for Government commitment and we have increased their budget to £1.16m per annum (£0.290m per RSP) from 23-24. It is proposed to continue funding RSPs at the same level for 2024-25. We moved to a more strategic three-year Grant in Aid from 2022, in line with the EIS Committee recommendations, following their inquiry into RSPs. RSPs have delivered new three-year employment and skills plans which identify regional priorities for employability and skills. The plans identify key sectors where there are skill gaps in provision, skill shortages and recruitment difficulties experienced by employers. The plans also highlight workforce development opportunities associated with emerging technologies.
- 19.108. In addition, RSPs have been allocated an additional indicative budget £0.080m in 2024-25 (£0.020m per RSP) to conduct engagement with their delivery partners to help Welsh Government's understanding of the current marketplace in terms of projects and programmes to support young people and how projects can contribute to the Young Person's Guarantee.

### ***Details of any other funding intended to support the operation of Regional Skills Partnerships but which is not allocated directly to them.***

- 19.109. 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 2024-25 intended to resource Welsh Government's five priorities for research and innovation in Wales; including any funding aimed at ensuring Wales has a fair share of available research, development and innovation funding including any EU funding replacements and details of any funding during 2024-25 intended to resource the Innovation Strategy for Wales.***

- 19.110. A new Innovation Strategy for Wales, Wales Innovates, supersedes the five priorities for research and innovation that were published in November 2021. Wales Innovates, launched in February 2023 sets out a strategic direction for RD&I activities through four mission areas, Economy, Education, Climate and Nature and Health and Wellbeing. The strategy details a strengthened relationship with Innovate UK, aimed at attracting greater investment into Welsh RD&I activities. A delivery plan to support implementation of the strategy was published in October 2023, setting out the key



actions Welsh Government intends to take, including a £30m fund (up to Mar 2025) to support a wide range of activities across the Innovation ecosystem.

19.111. Furthermore, Welsh Government Office for Science will investigate the potential for technological and industrial 'clusters' as committed to in our Innovation Deliver plan. This will inform potential actions to exploit export potential, attract inward investment and build proposals for investment in innovation assets, such as Public Sector Research Establishments (PSREs), independent 'Research Institutes' or industrial clusters, where appropriate. Again, this would be backed by wider Welsh Government programmes, such as Ser Cymru, and where relevant UK Government partnerships and programmes. Potential areas include medical radioisotopes, Agri-Tech, renewable energy and high value/advanced manufacturing.

19.112. The key to success is to create RD&I endeavours which not only deliver benefit to Welsh citizens, but deliver wider benefits to the UK and internationally, with the aim of attracting investment from UK Government, venture capitalists and world trading partners in lieu of the lost European Funding and addressing the historic RD&I underinvestment in Wales.

### ***Details of the funding for research and innovation across the whole of Welsh Government***

19.113. In line with the integrated approach to the development of the innovation strategy for Wales the budgets set out below, although sit across Ministerial portfolios, are delivered in a complimentary way often through co-funded activity across portfolios, or with the Innovation team supporting the delivery of wider policy objectives.

#### ***Education***

19.114. The budget for RD&I for the education sector sits within the Minister for Education and Welsh Language portfolio. This is distributed via HEFCW (in the future CTER) to Universities in Wales for activities such as research infrastructure, engagement with businesses and project activity. HEFCW also funds the Wales Innovation Network which sits in Universities Wales which supports University collaboration and the sharing of resource.

#### ***Health and Social Care***

19.115. The Minister for Health and Social Services sets an annual budget of £47m for Health and Care Research Wales (HCRW), and a further £12.8m per annum for innovation within health and social care sectors. This covers activity such as research activities, clinical trials. infrastructure and staff resource, and wider project activity – including partial funding for the SBRI Centre of Excellence that supports the wider public sector to undertake challenge led activity (also funded by ETC Innovation budget).

#### ***Climate Change***

19.116. As part of the £30m for Innovation announced in June 2023 (£20m directly from the Business Innovation BEL 3742 ), £5m per annum (2023-24 and 2024-25) is set aside to support businesses to explore and adopt new technologies which supports an increase in the use of recycled and re-used content in products or components or to extend the lifetime of products/materials. This is delivered by the central innovation team through a range of grant funding and innovative procurement programmes. We are also supporting collaborative relationships

between industry and the NHS to increase the recycling and reuse of materials used within health and care.

19.117. These figures are WG budget figures only and do not include wider funding in this area through sources such as UK funding, or private sector matched funding.

## **Trade**

### ***Details of any funding support for trade including promotion, support for businesses or investment in infrastructure linked to trade***

19.118. We have allocated £3.752m overall to support the Export, Trade and Inward Investment.

19.119. This budget includes £3.572m to deliver the Export Action Plan for Wales (see below) and £0.180m to support our efforts to promote Wales as a destination for inward investment, a key commitment in the International Strategy and the Economic Mission. This 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.

19.120. 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. Overall, this activity is vital for Wales to remain visible for commercial opportunities on the global stage; to generate new inward investment leads; to encourage visits from potential investors into Wales, and, ultimately, attract new international investment into Wales. Last year (2022/23), more than 3,000 jobs were created in Wales (up 66% on the previous year) because of inward investment to Wales.

### ***The financial allocations to deliver the 'Export Action Plan for Wales'***

19.121. The £3.572m funding allocated to deliver the Plan ensures we have a 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 continues to be impacted by the global trading landscape and wider geopolitical issues: while the latest provisional export statistics show the value of goods exports for Wales was £20.4 billion in the year ending June 2023, up £2.0 billion (11.1%) compared to the year ending June 2022; export volumes (Kg) decreased by 8.9% in the same period. This demonstrates the importance of providing comprehensive support to Welsh businesses to develop to drive further growth in Welsh exports.

### ***Details of any funding during 2024-25 intended for development, construction and associated running costs of Border Control Posts in Wales***

19.122. As stated in my paper to the ETRA Committee on 11 October 2023, the final Border Target Operating Model (BTOM) was published on 29th August 2023. My paper also explained that physical checks on goods imported from Ireland will come into effect

later, affecting west coast ports, including the three Welsh Border Control Posts at Holyhead, Pembroke Dock and Fishguard.

- 19.123. These physical checks will not begin in Wales before 31 October 2024 and I am determined to give businesses reasonable notice to prepare. The start date has not yet been agreed, and there remains a substantial amount of work to do with the UK Government and others to implement a coherent model for all the Great Britain West coast.
- 19.124. The Welsh Government believes 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, to ensure there is no financial burden on the Welsh Government.
- 19.125. The Chief Secretary to the Treasury has committed to fund necessary build costs. However, the UK Government has recently rejected funding the transitional costs to reach steady state, including the costs to set up the arrangements. The UK Government has also rejected meeting the additional Welsh Government staff costs that need to be incurred to deliver this UKG led initiative and over the protracted length of time given UKG delays. Welsh Government believes these costs should also be met and were a condition of us signing up to the BTOM. We are continuing our discussions with HM Treasury and we are expecting resolution shortly. In the meantime, the Welsh Government has made provision in our 2024-25 budget of £6.4m for these revenue costs.
- 19.126. We have spent £9.3m in total up to 31 March 2023 on the Borders Programme, which includes a UK Government contribution of £3.3m for 2022-23. Based on current assumptions for delivery, the projected total further spend over the current (2023-24) and next financial year (2024-25) is not expected to exceed £70m. On our current planning assumptions, we anticipate that the programme's costs cease after 2024-25.
- 19.127. The end date for the programme will become clearer once the date for physical checks has been agreed.

## **Summary**

- 19.128. The Economy MEG Draft Budget for 2024-245 is presented to the Committee for consideration.

## **Vaughan Gething Minister for Economy**

<sup>[1]</sup> Research undertaken by SKOPE and Blavatnik School of Government, University of Oxford, '[what accounts for changes in the chances of being NEET in the UK?](#)' (exter

<sup>[1]</sup> <http://www.learningandwork.wales/resource/understanding-the-potential-impact-of-coronavirus-in-wales/>

<sup>[2]</sup> Youth Commission (2019): Fit for Purpose Education and Employment Support for Young People [https://www.learningandwork.org.uk/wp-content/uploads/2019/11/YC\\_Current-system\\_Report5\\_FINAL.pdf](https://www.learningandwork.org.uk/wp-content/uploads/2019/11/YC_Current-system_Report5_FINAL.pdf)

## ANNEX A – Economy MEG Budget Expenditure Lines

Budget Expenditure Line (Revenue)	2023-24 Final Budget Feb 2023 Restated	2024-25 Indicative Final Budget Feb 2023 Restated	Revisions to the 2024-25 Indicative Allocations	2024-25 Other Changes	2024-25 Draft Budget December 2023
	£000s	£000s	£000s	£000s	£000s
Business & Regional Economic Development	9,460	9,460	-2,078	0	7,382
Business Wales	26,559	22,463	-1,537	0	20,926
Tech Valleys	2,025	2,025	-267	0	1,758
Valleys Task Force	100	100	0	0	100
Export, Trade and Inward Investment	4,192	4,192	-440	0	3,752
Freeports	0	0	0	0	0
<b>Action: Business Wales / Entrepreneurship and Regional Economy</b>	<b>42,336</b>	<b>38,240</b>	<b>-4,322</b>	<b>0</b>	<b>33,918</b>
Property Infrastructure	6,868	6,868	-1,600	0	5,268
Public Sector Broadband Aggregation	11,500	11,500	0	0	11,500
ICT Infrastructure Operations	1,527	1,527	-659	0	868
ICT Infrastructure Operations - Non Cash	2,309	2,309	0	0	2,309
<b>Action: Economic Infrastructure Development</b>	<b>22,204</b>	<b>22,204</b>	<b>-2,259</b>	<b>0</b>	<b>19,945</b>
Centre for Digital Public Services	4,794	4,794	-504	0	4,290
<b>Action: Total Delivering the Digital Strategy</b>	<b>4,794</b>	<b>4,794</b>	<b>-504</b>	<b>0</b>	<b>4,290</b>
Healthy Working Wales	0	0	0	100	100
Corporate Programmes & Services	671	671	-159		512
Strategic Business Events and Communications	200	200	-35	-100	65
<b>Action: Corporate Programmes</b>	<b>871</b>	<b>871</b>	<b>-194</b>	<b>0</b>	<b>677</b>
Apprenticeships	138,898	143,898	-5,250	0	138,648
<b>Action: Apprenticeships</b>	<b>138,898</b>	<b>143,898</b>	<b>-5,250</b>	<b>0</b>	<b>138,648</b>
Employability Including Young Persons Guarantee	83,291	98,333	-19,016	18,034	97,351
Employability Including Young Persons Guarantee - Non cash	1,400	1,400	0	0	1,400
Communities for Work	23,034	18,034	0	-18,034	0
Communities for Work - Non cash	41	0	0	0	0
<b>Action: Employability Including Young Person Guarantee</b>	<b>107,766</b>	<b>117,767</b>	<b>-19,016</b>	<b>0</b>	<b>98,751</b>
Business Innovation	604	300	-61	0	239
<b>Action: Innovation</b>	<b>604</b>	<b>300</b>	<b>-61</b>	<b>0</b>	<b>239</b>
Science	1,200	1,200	-268	0	932

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<b>Action:</b>	<b>Science</b>	<b>1,200</b>	<b>1,200</b>	<b>-268</b>	<b>0</b>	<b>932</b>
	Tourism	10,630	10,630	-1,504	0	9,126
	Events Wales	4,666	4,666	-1,001	0	3,665
<b>Action:</b>	<b>Promote and Protect Wales' Place in the World</b>	<b>15,296</b>	<b>15,296</b>	<b>-2,505</b>	<b>0</b>	<b>12,791</b>
	Arts Council of Wales	33,314	33,999	-3,570	0	30,429
	Arts Council of Wales - Non cash	119	119	0	0	119
	Amgueddfa Cymru - National Museums of Wales	27,222	28,496	-2,992	0	25,504
	Amgueddfa Cymru - National Museums of Wales - Non cash	2,400	2,400	0	0	2,400
	National Library of Wales	11,862	12,394	-1,301	0	11,093
	National Library of Wales - Non cash	1,250	1,250	0	0	1,250
	Support for Local Culture and Sport	6,429	8,583	-1,915	0	6,668
	Creative Wales	7,119	7,169	-753	0	6,416
<b>Action:</b>	<b>Support for Culture and the Arts</b>	<b>89,715</b>	<b>94,410</b>	<b>-10,531</b>	<b>0</b>	<b>83,879</b>
	Cadw	9,206	9,513	-2,123	0	7,390
	Cadw - Non cash	5,480	5,480	0	0	5,480
	National Botanic Garden of Wales	587	587	-62	0	525
	Royal Commission on the Ancient and Historical Monuments for Wales	1,727	1,815	-402	0	1,413
	Royal Commission on the Ancient and Historical Monuments for Wales - Non cash	134	134	0	0	134
<b>Action:</b>	<b>Support the Historic Environment</b>	<b>17,134</b>	<b>17,529</b>	<b>-2,587</b>	<b>0</b>	<b>14,942</b>
	Sport Wales	23,065	23,439	-2,461	0	20,978
	Sport Wales - Non Cash	779	779	0	0	779
<b>Action:</b>	<b>Sports and Physical Activity</b>	<b>23,844</b>	<b>24,218</b>	<b>-2,461</b>	<b>0</b>	<b>21,757</b>
	Programme Support	1,707	1,707	0	0	1,707
<b>Action:</b>	<b>Managing European Funding</b>	<b>1,707</b>	<b>1,707</b>	<b>0</b>	<b>0</b>	<b>1,707</b>
	Border Controls	0	0	26	6,400	6,426
<b>Action:</b>	<b>Border Controls</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,400</b>	<b>6,426</b>
<b>MEG:</b>	<b>ECONOMY</b>	<b>466,369</b>	<b>482,434</b>	<b>-49,932</b>	<b>6,400</b>	<b>438,902</b>

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Budget Expenditure Line (Capital)		2023-24 Final Budget Feb 2023 Restated	2024-25 Indicative Final Budget Feb 2023 Restated	Revisions to the 2024-25 Indicative Allocations	2024-25 Other Changes	2024-25 Draft Budget December 2023
		£000s	£000s	£000s	£000s	£000s
Business & Regional Economic Development		26,850	22,650	0	2,000	24,650
Business & Regional Economic Development - Repayment		-13,736	-1,603	0	0	-1,603
Tech Valleys		5,000	5,000	0	0	5,000
Freeports		0	0	0	0	0
<b>Action:</b>	<b>Business Wales / Entrepreneurship and Regional Economy</b>	<b>18,114</b>	<b>26,047</b>	<b>0</b>	<b>0</b>	<b>26,047</b>
Business Finance Funds		10,000	15,000	0	0	15,000
Business Finance Funds – Repayment		0	-46,400	0	0	-46,400
<b>Action:</b>	<b>Development Bank of Wales</b>	<b>10,000</b>	<b>-31,400</b>	<b>0</b>	<b>0</b>	<b>-31,400</b>
Property Infrastructure		10,000	10,000	0	0	10,000
Property Infrastructure - Repayment		-290	-290	0	0	-290
ICT Infrastructure operations		-26,500	20,000	0	0	20,000
<b>Action:</b>	<b>Economic Infrastructure Development</b>	<b>-16,790</b>	<b>29,710</b>	<b>0</b>	<b>0</b>	<b>29,710</b>
Employability Including Young Persons Guarantee		2,000	2,000	0	0	2,000
<b>Action:</b>	<b>Employability Including Young Persons Guarantee</b>	<b>2,000</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>2,000</b>
Business Innovation		5,000	10,000	0	0	10,000
<b>Action:</b>	<b>Innovation</b>	<b>5,000</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>10,000</b>
Science		5,000	5,000	0	0	5,000
<b>Action:</b>	<b>Science</b>	<b>5,000</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>5,000</b>
Tourism		5,000	5,000	0	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>0</b>	<b>5,000</b>
Arts Council of Wales		400	400	0	0	400
Amgueddfa Cymru - National Museums of Wales		5,000	5,000	0	0	5,000
National Library of Wales		2,000	2,000	0	0	2,000
Support for Local Culture and Sport		21,500	24,700	0	0	24,700
Creative Wales		5,000	5,000	0	0	5,000
<b>Action:</b>	<b>Support for Culture and the Arts</b>	<b>33,900</b>	<b>37,100</b>	<b>0</b>	<b>0</b>	<b>37,100</b>
Cadw		10,000	10,000	0	0	10,000
National Botanic Garden of Wales		200	200	0	0	200
Royal Commission on the Ancient and Historical Monuments for Wales		50	50	0	0	50
<b>Action:</b>	<b>Support the Historic Environment</b>	<b>10,250</b>	<b>10,250</b>	<b>0</b>	<b>0</b>	<b>10,250</b>
Sport Wales		8,016	8,016	0	0	8,016
Sports Capital Loans Scheme		-1,227	-1,231	0	0	-1,231

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<b>Action:</b>	<b>Sports and Physical Activity</b>	<b>6,789</b>	<b>6,785</b>	<b>0</b>	<b>0</b>	<b>6,785</b>
<b>MEG:</b>	<b>ECONOMY</b>	<b>79,263</b>	<b>100,492</b>	<b>0</b>	<b>2,000</b>	<b>102,492</b>

## **ANNEX B - Action level commentary within the MEG<sup>1</sup>**

### **Resource**

#### ***Business Wales / Entrepreneurship and Regional Economy Action***

- There has been a net reduction to the Action of £4.322m from the indicative final budget 2024-25, taking the total funding for 2024-25 to £33.918m. The net reduction relates to reprioritisation of funding across a number of BEL's within the Action. A reduction of £2.078m from the Business and Regional Economic Development BEL 3751, predominately due to a reduced contribution to the Life Science Hub and Cwmni Eginio. A reduction of £1.537m has been taken from the Business Wales BEL which will be achieved by stopping bespoke Foundation Economy funding which is mainstreamed into Business Wales. A reduction of £0.257m has been applied to the Tech Valley's BEL and £0.440m to 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 and £7m 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 £1.163m 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**

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<sup>1</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



- 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 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

- Enables funding for the delivery of the Export Action Plan for Wales, to drive long term growth in Welsh exports; and, activity to support the promotion of Wales as a location for inward investment.

#### Freeports BEL

- The Freeports programme includes some costs that are met by the UK Government and others that Welsh Government is expected to meet. The UK Government is providing £2m of capacity funding for the prospective Freeports (£600k in 2023/24 and an expected £1.4m in 2024/25). This funding is paid to the Freeports by Welsh Government and reimbursed by the UK Government via SUPS.
- Direct costs for Welsh Government to date include staff in Welsh Government, legal support and technical advice. Future costs will also include for monitoring and evaluation and the costs associated with the use of devolved levers in Welsh Freeports. The costs associated with the use of devolved levers, such as Non-Domestic Rates relief and retention, are not yet known. These are expected to become clearer as prospective Welsh Freeports submit their Outline Business Cases in December.
- The UK Government announced in the Autumn Statement an extension to the Freeports Programme in England to 10 years. The Welsh Government is working with the UK Government to assess the implications of an extension for devolved levers and to consider whether this can be applied within Wales.

#### ***Economic Infrastructure Development Action***

- The Action has decreased by £2.259m compared to the indicative 2024-25 Final Budget restated. The reduction is predominantly due to a reduction in the Property Infrastructure BEL of £1.6m. It is hopeful that this cut will be absorbed by an increase in property sales during the financial year. A reduction of £0.659m has been applied to the ICT Infrastructure Operations

BEL with likely impact being an erosion of Welsh Government's ability to conduct evidence gathering activities, often typically achieved through commissioning external consultancy support.

#### 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.

#### Public Sector Broadband Aggregation BEL

- Funding in this BEL is for the PSBA Contract which underpins the digital connectivity service used by over 120 public sector organisations across Wales. The business critical PSBA network service has over 5,000 connections and was established in 2007.

#### ICT Infrastructure Operations BEL

- Funding in this BEL supports the delivery of Digital Infrastructure throughout Wales. The revenue budget also ensures that Welsh Ministers can review and monitor Digital policy decisions made by the UK Government, to ensure that Welsh interests are protected.

#### ICT Infrastructure Operations - Non Cash BEL

- Funding in this BEL is for the depreciation charges of the Welsh Government owned Fibrespeed network in North Wales.

### ***Delivering the Digital Strategy***

There has been a cut to the Action of £0.504m from the indicative final budget 2024-25, taking the total funding for the Action to £4.290m. The reduction relates to a cut to the budget for Centre for Digital Public Services.

#### Centre for Digital Public Services BEL

Funding within this BEL relates to the budget for the Centre for Digital Public Services (CDPS) which underpins mission 1 of the Digital Strategy for Wales. The CDPS are responsible for raising digital capability across the public sector, delivering standards and guidance and working with other organisations to deliver digital transformation.

### ***Corporate Programmes Action***

- There has been a net reduction to the Action of £0.194m from the indicative final budget 2024-25, taking the total funding for the Action to £0.677m for financial year 2024-25. The net reduction relates to a reduction of £0.159m to the Corporate Programme & Services BEL 4023 and £0.035m to the Strategic Business Events and Communications BEL. 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 (HWW) delivers the national programme which supports employers to create healthier work and workplaces for the benefit of their employees and the wider community. HWW is jointly funded by the Department for Health and Social Services and the Department for Economy. Officials from both departments work closely to maximise the health and economic benefits of the programme. £0.100m has been allocated to support this activity in financial year 2024-25 from a transfer from the Strategic Business Events and Communications BEL.

#### Corporate Programmes & Services BEL

- The Corporate Programmes annual budget primarily funds the business customer relationship management system, which was vital during the pandemic to enable the Welsh Government to process Economic Resilience Fund (ERF) grants. The budget also has a small provision for evaluations.

#### Strategic Business Events and Communications BEL

- The Communications budget of £0.065m each year supports business events and strategic engagement.

#### ***Apprenticeships Action***

- There has been a net decrease to the Action of £5.250m from the indicative final budget 2024-25, taking the total funding to £138.648m in 2024-25. The net decrease relates to a 3.65% budget cut to the apprenticeship programme and a 24% cut to the contract value. The cut relates to the Economy MEG's contribution to the wider Welsh Government reprioritisation exercise.

#### 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 decrease to the Action of £19.016m from the final indicative budget, taking the total funding to £98.751m in 2024-25. The net decrease relates to the Economy MEG's contribution to the Welsh Government reprioritisation exercise.

### **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.
- There has been a within MEG transfer in of £18.034m to this BEL because of merging the Communities for Work BEL into this BEL. The Communities for Work Plus (CfW+) is Welsh Government's primary means of providing employability support to those most disadvantaged. The Communities for Work (CfW) and Parents, Childcare and Employment (PaCE) programmes closed 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.

### **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.

### ***Innovation Action***

- There has been a decrease of £0.061m change from the indicative final budget 2024-25. The total funding stands at £0.239m in 2024-25. The reduction relates to the Economy MEG's contribution to support the wider reprioritisation exercise across WG.

### Business Innovation BEL

- The BEL funds the financial support for Research, Development & Innovation (R&DI) schemes, including the SMART Flexible Innovation Support scheme, Small Business Research Initiative (SBRI) scheme and Collaborative Research Innovation Support Programme (CRISP). Despite the cessation of EU income, 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;
  - Growth and skill development in the established research and innovation base.

### **Science Action**

- There has been a net reduction to the Action of £0.268m from the indicative final budget 2024-25 taking the total funding per annum to £0.932m. The net reduction relates to reprioritisation of £0.268m 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 £2.505m from the indicative final budget 2024-25, taking the total funding per annum to £12.791m. The net reduction relates to reprioritisation of funding of £1.504m from the Tourism BEL which relates to reducing activity including domestic and international tourism campaigns, trade and export marketing, nation and sport diplomacy marketing

and £1.001m from the Events Wales BEL 4231 which include the stopping the Richard Burton Centenary.

### 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 Ireland 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 for financial year 2024-25 published in February 23. 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.

### ***.Borders Control Action***

- There has been an increase of £6.426m in this Action from the indicative final budget for financial year 2024-25. The increase is due to allocation received from central reserves to support the revenue element of the borders programme.

### Borders Control BEL

- HM Treasury has agreed to fund the capital costs to build the three Border Control Posts in Wales (Holyhead, Fishguard and Pembroke Dock), The BEL funds the revenue costs which HM Treasury has refused to fund. These include start-up costs (recruitment, training etc) for the local authorities before charges are introduced, and Welsh Government's own programme costs.

## **Capital**

### ***Business Wales / Entrepreneurship and Regional Economy Action***

- There has been an increase of £2m from the indicative final budget for financial year 2024-25 published in February 23. The increase is due to an additional capital financial transaction to support the Cadence project. The total funding per annum is £28.047m.

### **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**

- This BEL supports the Welsh Government's Tech Valleys Programme for Government commitment - a ten-year, £100 million commitment 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.
- To-date, Tech Valleys investment has helped created 298,000 sq. ft. of new and refurbished floor space, enabling 600 potential jobs. It is supporting resilience, efficiency and the up-take of technology in small and medium sized businesses and raising awareness of STEM-related careers and promoting the take-up of STEM subjects at school and post 16. These figures will continue to grow as project currently in development come to fruition.
- One of our biggest investments through the Tech Valleys Programme is over £16 million for the establishment of the Thales Ebbw Vale Technology Campus – a partnership between the Welsh Government, academia, business and Thales UK Ltd. The campus provides world-class, cutting-edge facilities which research solutions into the cyber resilience of critical national infrastructure and is a key economic development and growth catalyst project in South Wales.

### Freeports BEL

- The Freeports programme includes some costs that are met by the UK Government and others that Welsh Government is expected to meet. The UK Government is providing £2m of capacity funding for the prospective Freeports (£600k in 2023/24 and an expected £1.4m in 2024/25). This funding is paid to the Freeports by Welsh Government and reimbursed by the UK Government via SUPS.
- Direct costs for Welsh Government to date include staff in Welsh Government, legal support and technical advice. Future costs will also include for monitoring and evaluation and the costs associated with the use of devolved levers in Welsh Freeports. The costs associated with the use of devolved levers, such as Non-Domestic Rates relief and retention, are not yet known. These are expected to become clearer as prospective Welsh Freeports submit their Outline Business Cases in December.
- The UK Government announced in the Autumn Statement an extension to the Freeports Programme in England to 10 years. The Welsh Government is working with the UK Government to assess the implications of an extension for devolved levers and to consider whether this can be applied within Wales.

### ***Development Bank of Wales Action***

- There has been no change from the indicative final budget published in February 23 for financial year 2024-25 the total funding allocated is £-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

- A repayment budget of £-46,400m is maintained as part of the 2024-25 budget. The repayment relates to capital FT payments.

### ***Economic Infrastructure Development Action***



- There has been no change from the indicative final budget 2024-25. The total funding has been maintained at £29.710m.

#### 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 began 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 began in 2022-23 and will continue until 2038-39.

#### ICT Infrastructure Operations BEL

- The capital budget supports schemes to build and deliver digital infrastructure to connect homes and businesses across Wales. Whilst the responsibility for addressing telecommunications issues in Wales is not devolved to Welsh Ministers support provided by the Welsh Government means that homes and business are able to access fast and reliable broadband as quickly as possible.

#### ***Employability Including Young Persons Guarantee Action***

- There has been no change from the indicative final budget 2024-25 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***

- There has been no change to the capital funding allocated within this Action compared to the indicative amount allocated as part of the 2023-24 draft budget published in February 23. The total funding is £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 published in February 23 for financial year 2024-25 to this Action. Funding has been maintained at £5m for financial year 2024-25.

### 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 5 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 published in February 23 for financial year 2024-25. We have maintained our investment in this Action with the total funding for financial year 2024-25 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.

## Annex C – Employability Programme Details

### ReAct+

ReAct+ is a grant funded programme which has a budget of £3.131m in 2024-25. The 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.

### JGW+

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 2024-25 it is expected that £29.144m will be allocated to providers as detailed below to deliver the programme. The programme focuses on 16-19 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:

• Region	Contractor
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

### Communities for Work+

In 2024-25 the Communities for Work Plus (CfW+) available budget is £16.834m, The programme provides intensive community-based mentoring and training to a combined total of over 52,000 individuals with complex barriers to employment, of

which over 22,000 have entered employment of more than 16 hours a week. It is delivered through all 22 Local Authorities.

### **Flexible Skills Programme (FSP)**

FSP is a grant funded programme which has a budget of £1.3 million in 2024-2025. 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 2024-25.

The Programme consists of two distinct strands;

- 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 6 separate projects: Net Zero Skills, 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.

# Equality and Social Justice Committee

Date: 20 December 2023

Title: Scrutiny of the Welsh Government's draft budget 2024-25

## Overview

1. For the 2024-25 draft budget our baseline for planning was the indicative budget set as part of the 2023-24 Final Budget. The table below demonstrates the changes made between the 2023-24 First Supplementary Budget to the figures published as part of the 2024-25 Draft Budget.
2. As part of this Draft Budget, we have made significant changes to our indicative budgets with funding redirected from across Welsh Government, including from this portfolio, to provide extra funding and protection for front-line services for people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services.

Table 1: Overview of changes to BEL tables

	2023-24 Final Budget	2023-24 1st Supp	Indicative 2024-25 Position	2024-25 savings	Baseline Adjust	Revised 2024-25 Position
Near - Cash	136,038	139,237	139,038	-14,081	0	124,957
Non – Cash	210	255	210	0	3*	213
<b>Resource</b>	<b>136,248</b>	<b>139,492</b>	<b>139,248</b>	<b>-14,081</b>	<b>3</b>	<b>125,170</b>
Capital	17,494	16,994	16,958	0	0	16,958
<b>Total</b>	<b>153,742</b>	<b>156,486</b>	<b>156,206</b>	<b>-14,081</b>	<b>3</b>	<b>142,128</b>
<b>AME</b>	<b>24,546</b>	<b>24,546</b>	<b>31,759</b>	<b>0</b>	<b>6,569**</b>	<b>38,328</b>

\*Non - Cash adjustment relates to £3k non-cash into Equality, Inclusion and Human Rights BEL (7060) from reserves.

\*\* Increase of £6,569k relating to the Fire Service Pensions – AME, in line with the OBR forecast.

3. A breakdown of the 2024-25 Social Justice MEG allocations by Action and BEL is included at Annex A; this also provides detailed explanations of the changes made between the 2023-24 First Supplementary Budget and the 2024-25 Draft Budget at BEL level.

## Overview of Resource changes between 24-25 indicative budget and the 24-25 Draft Budget

4. We have had to make very difficult decisions to re-focus our spending plans on the public services which matter most to people – the NHS and everyday services delivered by local councils, such as schools, housing and social care. Unfortunately, this has meant moving spending away from other departmental areas, including this one.
5. We have taken this approach to ensure we continue to focus funding where it can have the most positive impacts in the circumstances and taking action to ensure we mitigate direct impacts to people and places, as far as possible. Spending more in some areas means there is less to spend in other areas. Where hard decisions have been required, we have sought to identify those areas where the relative impacts are lesser than their alternatives and we have sought to take action to mitigate impacts as far as possible. Given the circumstances, it has not been possible to avoid negative impacts in all cases.
6. Difficult decisions have had to be made about the services we provide and how we provide them. In making these decisions we have been guided by some clear principles. These include protecting front line public services, supporting households who are hardest hit by the cost-of-living crisis and minimising the impacts on our actions to tackle the climate and nature emergencies. It has also been important within this portfolio to attempt to avoid making decisions that widen inequalities.
7. We know our partners in the wider public sector as well as our partners in the third sector will be under similar pressures. We will work in collaboration with our partners to manage the risk of the financial challenges ahead, whilst continuing to deliver essential services for the people of Wales.
8. This portfolio has identified **revenue savings of £14.081m** from our indicative resource budget of £139.2m for 2024-25 to contribute towards wider Welsh Government pressures. Further savings were also required within the MEG to meet additional pressures.
9. These were substantial savings from this small portfolio and the decisions will have a range of impacts for the public in general as well as specific impacts for a number of groups of people. In making these decisions it has been a priority to protect frontline public services where possible but also to protect those families and individuals worst affected by the financial situation we face. We have therefore protected the Discretionary Assistance Fund (within the Financial Inclusion BEL), the Single Advice Fund (within the Advice Services BEL) and Basic Income BELs as well as certain key activities within other budgets for example the emergency food aid budget within the Supporting Communities budget as these directly support individuals most vulnerable to financial challenges. These crucial budgets will continue to assist the most disadvantaged,

marginalised and/or vulnerable impacted by the cost-of-living crisis. The revised funding will still enable us to continue our important work to implement the Child Poverty Strategy.

10. We have also protected the Violence Against Women and Sexual Violence (VAWDASV) budget due to the continuing demand against this budget and the importance of protecting those experiencing VAWDASV from physical, mental, and emotional harms with a commitment to implement the VAWDASV Blueprint strategy with our criminal justice partners and specialist services.
11. These protections, however, mean it has been necessary to identify savings from other areas of this portfolio. The changes made to indicative revenue budgets as part of the 2024-25 Draft Budget are set out in the table below. The narrative following the table sets out the rationale for the changes between the indicative and draft budgets. Further information is included at Annex A setting out an explanation of changes since the first supplementary budget.

BEL ref	BEL name	Indicative 2024-25 Position	2024-25 changes	Revised 2024-25 Position	% change
1089	Basic Income	7,200	3,500	10,700	48.61%
1694	Financial Inclusion	39,002	0	39,002	0.00%
1084	Digital Inclusion	1,250	-500	750	-40.00%
1084	Digital Inclusion (Non Cash)*	149	0	149	0.00%
1086	Supporting Communities	4,164	-1,500	2,664	-36.02%
541	VAWDASV	8,005	0	8,005	0.00%
7060	Equality, Inclusion and Human Rights	12,987	-3,214	9,773	-24.75%
7062	Cohesive Communities	5,580	-870	4,710	-15.59%
7063	Equal,Poverty&Children's Evidence & Supp	1,949	-313	1,636	-16.06%
480	Children's Commissioner	1,675	-84	1,591	-5.01%
480	Children's Commissioner (Non Cash)*	52	0	52	0.00%
5334	Advice Services	11,675	0	11,675	0.00%
1695	Support for the Voluntary Sector and Vol	9,424	-970	8,454	-10.29%
1265	Fire & Rescue Services	2,533	-10	2,523	-0.39%
1697	FRS Communication System	2,275	-1,000	1,275	-43.96%
1698	Community Fire Safety	848	-457	391	-53.89%
830	Community Support Officers	22,981	-7,473	15,508	-32.52%
1267	Women's Justice & Youth Justice Blue Prints	1,092	-20	1,072	-1.83%
662	Older People Commissioner	1,701	-85	1,616	-5.00%
662	Older People Commissioner (Non Cash)*	9	0	9	0.00%
470	Public Appointments	400	-248	152	-62.00%
6400	Future Generations Commissioner Wales	1,695	-85	1,610	-5.01%
7074	International Sustainable Development	1,275	-225	1,050	-17.65%
1693	Social Partnerships	961	-161	800	-16.75%
6664	Chwarae Teg	366	-366	0	-100.00%
	<b>TOTAL</b>	<b>139,248</b>	<b>-14,081</b>	<b>125,167</b>	<b>-10.11%</b>
7060	Equality, Inclusion and Human Rights (Non Cash)*	0	3	3	
	<b>SJ MEG TOTAL</b>	<b>139,248</b>	<b>-14,078</b>	<b>125,170</b>	

### Basic Income

12. An **allocation of £3.5m** has been made as part of the 2024-25 Draft Budget to meet pressures associated with delivering the pilot, a key Programme for Government commitment.
13. The success of the pilot, combined with an increase in eligible individuals during the pilot phase, has meant that more care leavers have enrolled than originally estimated.

### Digital Inclusion

14. Due to the significant pressures across public services, we have scaled back our work on Digital Inclusion and **reduced this budget by £0.5m**. Since 2019 the Social Justice and Health MEGs have invested £9.5m in digital inclusion services through the Digital Communities Wales programme. We continue to recognise the importance of tackling digital inequalities and have therefore protected the budget as far as possible. Our continuing investment will focus on maintaining the Digital Communities Wales programme whilst acknowledging that overall activity, outputs, and outcomes will be impacted by the budget reduction. The team will also seek to link up and work with other organisations focussing on digital inclusion and to continue to identify barriers to digital inclusion via stakeholder engagement work.

### Supporting Communities

15. Our Supporting Communities budget provides support to a number of our key priorities including emergency food aid and fuel support. Although we have **reduced the indicative budget by £1.5m**, we have been able to maintain £1.5m of the planned uplift that was due to take place between the 2023-24 and 2024-25 financial years, which means that this budget will be £1.5m higher than it was in 2023-24.
16. This revised budget will enable us to continue to support emergency food as well as funding for emergency fuel support through the Fuel Bank Foundation which will enable us to continue to provide some emergency support to those who are not able to top up their pre-payment electricity meters next year and to support bulk purchase of fuels for those not on the gas grid and who cannot afford to pay for fuel. The revised funding will also enable us to continue our important work to implement the Child Poverty Strategy.

### Equality, Inclusion and Human Rights

17. Our Equality, Inclusion and Human Rights budget supports our investment in a range of activity to address and tackle a broad range of inequalities. As part of



the Spending Review, we had planned to increase this budget by £2.017m between 2023-24 Final Budget and 2024-25 to £12.987m. Due to the financial challenges we have made decisions that will result in an overall reduction to this budget of **£3.214m** compared to the indicative budget. This reduces this budget by £1.197m compared to the 2023-24 budget. With adjustments in how we deliver across Equalities, we are able to maintain delivery against Programme for Government commitments supported within the BEL including those associated with the Anti-racist Wales Action Plan, LGBTQ+ Action Plan and Disability Rights Task Force work.

18. We will prioritise our grant schemes, adjust our approach to research and training, for example undertaking some research in-house, and focus programmes on where they will have greatest impact.
19. We have reduced the Period Dignity Grant by £400k during 2024-25; from £3.1m in 2023-24 to £2.7m in 2024-25. This reduction is based on previous levels of uptake of the grant. Given inflationary increases we will be dependent on exploring options to maximise value for money to support the same numbers of beneficiaries and locations.
20. Equalities and Inclusion grants and the provision of core funding to some specific organisations will continue. However, we are considering the scale of project-related awards and / or the overall numbers of awards made to fit within the overall budget.
21. The BEL has been allocated £3k non-cash as part of the 2024-25 Draft Budget which will be baselined into future years; this represents the depreciation of an intangible asset.

### Chwarae Teg

22. Chwarae Teg has now closed, we have therefore **removed** the Chwarae Teg budget in 2024-25. We will work with stakeholders to co-design new activity in this area.

### Public Appointments

23. A **reduction of £248k** will take place against the indicative 2024-25 budget. The remaining budget in 2024-25 will be used to deliver a new pilot job shadowing funded scheme with positive impacts for Black, Asian, Minority Ethnic people and disabled people

## Equality, Poverty & Children's Evidence & Support

24. This budget was due to increase by £313k between 2023-24 Final Budget and 2024-25 to £1.949m. Due to the need to respond to the financial challenges across the public sector we have taken the decision that this planned uplift is no longer possible. The indicative budget will therefore reduce by **£313k**, however, overall, the budget is not reduced compared to the 2023-24 budget. The maintenance of the budget at the 2023-24 level is important as the evidence priorities of the Equality, Race and Disability Evidence Units (ERDEU) support the delivery of the Programme for Government commitment: Create a Race Disparity Unit alongside an Equality Data Unit to ensure an inclusive evidence base to inform decision making in government.
25. The key research projects undertaken by the Unit are designed to make fundamental and long-term changes to the availability, granularity, and quality of equality evidence by improving sample sizes and changing the way information is collected to make it more applicable to the equalities policy landscape in Wales. The projects aim to improve equalities data across policy areas and are key to us being able to support and measure the impact of key equality action plans including the Anti-racist Wales Action Plan, the work of the Disability Rights Taskforce, the LGBTQ+ Action Plan and the Child Poverty Strategy.

## Support for the Voluntary Sector and Volunteers

26. We greatly value the contribution that the third sector and volunteers make in Wales supporting individuals across our communities. As part of the Spending Review we had planned to increase this budget by £1.8m between 2023-24 Final Budget and 2024-25 to £9.424m. Due to the considerable constraints on our finances and the pressures across the public sector we have been unable to continue with the level of this planned increase and have instead reduced the planned uplift to £830k; this is reflected in our BEL tables as a **saving of £0.970m** against this budget.
27. This BEL provides core funding for the third sector infrastructure that supports Wales' 40,000+ third sector organisations, over 95% of these organisations are micro or small. Third Sector Support Wales (TSSW) is a partnership between the Wales Council for Voluntary Action and the nineteen county voluntary councils (CVCs) across Wales.
28. The third sector plays a significant role in early intervention and prevention activities, without which there would be increasing pressure on acute services, mostly provided by the public sector.
29. The BEL uplift is being spent on the following two areas:
- TSSW - to respond to the increase demand for services, many of which are increasingly more complex, increase safeguarding support available to

organisations, for TSSW to develop strategic elements of support and enable County Voluntary Councils to cover cost-of-living pressures.

- Digital Skills for the Voluntary Sector – for the partnership (WCVA, Cwmpas and Promo Cymru) to continue delivering support and helping voluntary sector organisations to increase their capacity to respond to increasing service needs. This work involves developing tools, delivering training, and supporting leadership through the establishment of communities of practice.

### Cohesive Communities

30. As part of the Spending Review, this budget was due to increase by £870k between 2023-24 Final Budget and 2024-25 to £5.580m. Due to the financial challenges we have been unable to proceed with this planned uplift and therefore the budget is reduced by **£870k** compared to the indicative budget. However, we are pleased to have been able to maintain the budget at its 2023-24 level despite the challenges we have faced.

31. This revised budget will still enable Welsh Ministers to implement commitments under the Programme for Government – notably completion of Anti-Racist Wales Action Plan commitments under the Nation of Sanctuary and Crime and Justice chapters, as well as the commitment to work with technology companies to address online hate and misinformation.

32. We will review individual project budgets to ensure that the available funding is directed towards areas of greatest need, providing inflationary uplifts where possible and making savings where demand for services has reduced.

### Fire and Rescue Services

33. By realising savings from the restructuring of professional advice on fire matters, we have been able to release **£10k** from this budget. The remaining budget predominantly funds the Fire and Rescue Services' capability to respond to major incidents including flooding, chemical, biological, radiological, and nuclear incidents, and that will not be affected by this small reduction.

### Fire and Rescue Services Communication System

34. The UK Government has committed to establishing the Emergency Services Mobile Communications Programme (ESMCP) to deliver the Emergency Services Network (ESN), a vital piece of critical national infrastructure. Welsh Government, as a Funding Sponsor Body, has been an integral part of this programme since its inception in 2015. We remain firmly committed to this technology and will work with partners to achieve a successful outcome. Since

2015 we have contributed financially to ESN development via our Fire and Rescue Service budgets. These contributions have been paid to the Home Office for programme development i.e., software / hardware build and planning for additional transmission masts.

35. The ESMCP Programme is currently progressing through a re-procurement of key elements and progress has been delayed which has resulted in underspends against this budget in recent years. We have therefore reduced this budget by **£1m** in 2024-25 based on the current Programme forecast for Wales. The existing Airwave / Firelink Emergency Services communications system is still operational so there will be no impact as a result of the savings identified within the budget line and we remain committed to working in partnership with others to deliver the new communications solution.

#### Community Fire Safety

36. Due to pressures on our resources we have taken the decision to reduce this budget by **£457k** in 2024-25 compared to the indicative budget. This has resulted in the cessation of the Arson reduction programme (£387k) as well as other smaller savings. Fire and Rescue Authorities have a statutory duty to promote fire safety and fire prevention and as such, we do not envisage any impact on the delivery of this work.

#### Community Support Officers

37. Due to significant pressures across the public sector, we have had to take the difficult decision to reduce our Community Support Officers budget by **£7.473m** compared with the indicative budget for 2024-25 to respond to these unprecedented challenges.

38. This will impact on the PfG Commitment to maintain funding for 500 PCSOs and more recent commitment to increase their number by 100. We will still invest £15.5m in Welsh Government funded Police Community Support Officers. We are working with policing partners in Wales to understand the implications of this revised budget and will work closely with them to minimise negative impacts.

39. We value the continued contribution made by our PCSOs in Wales and the ongoing funding will still support PCSOs who would not otherwise be in post. This is particularly notable given that policing is reserved to the UK Government.

#### Women's Justice & Youth Justice Blueprints

40. The **saving of £20k** against this BEL's indicative budget relates to funding that was not yet committed. Within the revised budget, we will continue to deliver our

key priorities including the Women's Pathfinder programme, the Visiting Mums initiative and the Women's and Youth Justice Blueprint programmes.

### Social Partnerships

41. Placing social partnership on a statutory footing was part of the PfG commitment and the Co-operation Agreement which was achieved through the passing of Social Partnership and Public Procurement (Wales) Act. We have reduced the budget by **£161k** compared to our indicative 2024-25 budget, but this will not impact the implementation of the Act. The savings can be made from currently unallocated budgets and will therefore have minimal impact on what will be delivered by March 2025.

### International Sustainable Development

42. The proposal to reduce the indicative budget for this BEL by **£225k** will impact our investment in the Wales and Africa Small Grants Scheme and the International Learning Opportunities (ILO) scheme. This will result in a pause to the ILO scheme in the 2024-25 financial year. Although this has been an impactful programme with clear benefits to both Wales and Africa, pausing the programme will provide an opportunity to reflect on how it could be better incorporated into wider Wales and Africa activity, adding value to existing project delivery. We will also reduce by 40% the Wales and Africa small grants scheme for the 2024-25 financial year. This will be disappointing for the sector, but there will still be £150k available in 2024-25 for Welsh organisations to apply for grant funding to deliver mutually beneficial projects across sub-Saharan Africa.

### Commissioners' budgets

43. We greatly value the work of our commissioners and the contributions they make. Due to the considerable financial challenges we face, we have reduced commissioners' budgets by 5% in 2024-25 compared to their indicative budgets. This will result in a reduction of £84k for the Children's Commissioner and £85k for both the Older People's Commissioner and the Future Generations Commissioner.

44. Each commissioner will have to consider how to manage these budget reductions whilst delivering their priorities and we will work with them to offer our support in doing so. This saving has been made in line with Minister for Education and Welsh Language's decision to reduce the Welsh Language Commissioner's budget by 5% as well as with other decisions across Welsh Government to reduce the budgets of Arm's Length Bodies across a number of portfolios.

45. We will be working with the Commissioners to help reduce back-office costs and explore further shared services cost reduction.

46. Each Commissioner has submitted their statutory estimate for 2024 to 2025 as required by the respective Acts by the end of October before the next financial year. These estimates were:

Commissioner	2024 to 2025 indicative budget (February 2023)	Commissioner estimate	Draft budget 2024 to 2025 (December 2023)
Future Generations Commissioner	£1,695,000	£1,910,600	£1,610,000
Older People Commissioner	£1,675,000	£1,748,000	£1,616,000
Children's Commissioner	£1,675,000	£1,764,433	£1,591,000

### Overview of changes to capital budgets between the 2024-25 indicative budget and the 2024-25 Draft Budget

47. There are no changes to the quantum of capital available to the Social Justice MEG in 2024-25. However, not all capital allocated in the 2024-25 indicative budget can now be utilised in 2024-25.

48. **The Community Bank BEL** had a budget of £1.75m in 2024-25. Monmouthshire Building Society pulled out of the plan to develop a Community Bank earlier this year. As a result, no capital in 2023-24 was utilised for this purpose. We understand from policy leads that there is no community bank proposition in hand and therefore the likelihood to deploy any of this capital in 2024-25 is extremely low. Realistically, any proposition put forward would take around 12 months to develop and assess from a legal and financial perspective.

49. We will continue attempts to identify a partner to take forward this policy and have retained a small amount of capital within this budget should a partner be identified during the financial year. However, the remaining capital from this budget has been reallocated in 2024-25 to support as many of our priorities and stakeholders as possible through the next financial year.

50. An allocation of **£600k** has been made as part of the 2024-25 Draft Budget to the **Community Facilities Programme BEL**, this will help fund the current pipeline of projects which exceeds the budget previously available.

51. We have allocated **£200k** to the **Women's Justice & Youth Justice Blueprints BEL** to take forward a proposal to improve facilities within a Secure Children's Home. This will provide young people with increased variety of activities helping them achieve positive outcomes, such as improved self-worth, engagement, social interaction, health, and wellbeing.

52. We have made small capital allocations to the **Older People’s Commissioner (£100k)** and **Children’s Commissioner (£20k)** to meet their capital requirements in 2024-25.
53. The **Fire and Rescue Services BEL** has been allocated **£250k** as part of the 2024-25 Draft Budget to replace equipment used to deploy high volume pumps to major flooding incidents as part of the National Resilience capability. The replacement is more environmentally friendly and offers better value for money in terms of its running costs.
54. A further **£100k** has been allocated to the **Community Fire Safety BEL**. This funding will be used to meet the increasing costs of home fire safety equipment.
55. An allocation of **£300k** has been made to the Local Food Partnerships through the **Supporting Communities BEL** to scale up capacity. The funding will be used to support the coordination of local food activity with a view to building local food resilience. The funding will support Local Food Partnerships to build and strengthen their links with local users and providers, through the development and delivery of local projects, including producers such as farmers and growers, local businesses and local markets. The funding will support the wider ambitions and actions of Welsh Government to support Emergency Food aid support and tackling food poverty.
56. The **Digital inclusion BEL** has been allocated **£50k** for the Minimum Digital Living Standard (MDLS) pilot to provide digital skills support.
57. An allocation of **£80k** has been made to the **Financial Inclusion BEL** to support Credit Unions in updating their banking platform during 2024-25. This will provide increased functionality and cyber security and support for a shared platform across credit unions in Wales.
58. The changes made against the Capital 2024-25 indicative budgets are set out in the table below:

BEL ref	BEL name	Indicative 2024-25 Position	2024-25 changes	Revised 2024-25 Position
1086	Supporting Communities	1,000	300	1,300
541	VAWDASV	2,200		2,200
1008	Gypsy Traveller Sites	3,440		3,440
1372	Community Facilities Programme	6,500	600	7,100
1265	Fire & Rescue Services	1,000	250	1,250
1697	FRS Communication System	210		210
1698	Community Fire Safety	900	100	1,000
1267	Women's Justice & Youth Justice Blueprints	0	200	200
662	Older People Commissioner	0	100	100
1694	Financial Inclusion	0	80	80
1084	Digital inclusion	0	50	50
480	Children's Commissioner	0	20	20
1088	Community Bank	1,750	-1,700	50
	<b>TOTAL - General Capital</b>	<b>17,000</b>	<b>0</b>	<b>17,000</b>
1694	Financial Inclusion (FT Repayments)	-42		-42
	<b>TOTAL</b>	<b>16,958</b>	<b>0</b>	<b>16,958</b>

## Strategic Integrated Impact Assessments

59. This Government is fully committed to fulfilling the legislative requirements for all impact assessments, including where these relate to the assessment of our financial decisions.
60. The Strategic Integrated Impact Assessment published as part of the 2024-25 Draft Budget gives due consideration to the United Nations Convention on The Rights of the Child.
61. We continue to maintain that the integrated approach underpinning the SIIA enables us to better understand the intersectional and unintended impacts of spending decisions and to maximise the impact of available funding, reducing the disproportionate effect on any one specific group or area. To consider 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.
62. Our 2024-25 Draft Budget sets out within the SIIA at Annex A the impacts of our spending decisions as part of the main narrative in chapter four including spending decisions that directly impact on children and young people.
63. We will continue to engage with our Budget Improvement Impact and Advisory Group (BIAG), exploring how Welsh Government can better reflect children's rights in their improvement to budget and tax processes.



64. We have been working with Children in Wales, Young Wales Project Board and officials across Welsh Government, to co-produce a Young Person's version of the Budget Improvement Plan, which will be published alongside the 2024-25 Draft Budget. An animated version has also been developed to engage with young people and help them understand how the Welsh Government works and what the Welsh Treasury does. The animation is set to be launched in January 2024.
65. The purpose of the SIIA is to identify key trends, strategic and cumulative impacts at portfolio level, across a range of areas, including giving due consideration across the statutory requirements.
66. This ensures strategic Budget decisions reduce the disproportionate effect on any one specific group or area; helps identify opportunities to maximise positive impacts and reduce inequalities across our society
67. We have undertaken a range of engagement with key stakeholders throughout our preparations. These include maintaining our contact with delivery partners including the WLGA, through our Finance Subgroup (FSG). We have continued engagement with the WCVA and social partners to understand the pressures being felt by the third sector, key partners in delivering the policies vital for Wales. As part of the Budget preparations, we also met with the Future Generations Commissioner, the Older Peoples Commissioner, the Children's commissioner, and the deputy Commissioner for Welsh Language

## Equality, Race and Disability Data Units

68. The funding allocated for 2023-24 to the Equality, Race and Disability Evidence Units was £1,636k. As at 11 December 2023 £786k of the budget had been spent. This was allocated as follows:

<b>Equality, Race and Disability Evidence Units budget 2023-24</b>		<b>£k</b>
<b>Budget total</b>		<b>1,636</b>
Staff		1,411
Operational		44
Research		181

69. All costs are fully allocated for 2023-24 as all staff are in place and research has been commissioned. Research costs are for the following projects which also extend into the research budget for 2024-25:
- Research into approaches to boost the National Survey for Wales to look at options to provide granular evidence for policy decisions by equality characteristics;

- Cognitive testing for sex and gender questions in Wales in line with Welsh Government policy;
- To assess how the LGBTQ+ action plan can be evaluated; and,
- Research into how the social model of disability can be measured

70. The funding expected to be allocated for 2024-25 is as follows

<b>Equality, Race and Disability Evidence Units INDICATIVE budget 2024-25</b>	<b>£k</b>
<b>Budget total</b>	<b>1,636</b>
Staff	1,400
Operational	20
Research	216

71. The Equality, Race and Disability Evidence Units were commissioned by Welsh Treasury to undertake a macro summary of the evidence on equality to highlight who would be the most impacted by funding cuts to inform Cabinet decisions. This involved drawing out where people who belonged to equality groups/those with protected characteristics had multiple intersecting characteristics that meant they would be more susceptible to negative impacts from cuts to certain services compared to people without multiple intersecting equality characteristics. This evidence is shown in the Strategic Context of the Strategic Integrated Impact Assessment of the 2024-25 Draft Budget.

72. Our data Census report on ethnicity and ethnicity sub report for the Well-being of Wales report have provided additional information for policy areas to assess decisions with an equality lens. All our research projects aim to make fundamental and long-term changes to the availability, granularity and accessibility of equalities information which will increase the evidence base for future policy decisions across the Welsh Government and public sector.

## **Inflation and the cost of living**

73. We have re-shaped the indicative spending allocations within our budget to provide extra funding and protection for the services which matter most to people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services. We have done so in line with our principles to:

- Protect core, frontline public services as far as possible.
- Deliver the greatest benefit to households which are hardest hit.
- Prioritise jobs, wherever possible.
- Work in partnership with other public sector bodies to face this financial storm together.
- Re-focus funding away from non-devolved areas, which the UK Government should be funding.

74. In this context supporting households with the cost-of-living pressures remains a priority for the Welsh Government.
75. As an example, we are acting to protect the core local government settlement by maintaining the planned 3.1% increase between 2023-24 and 2024-25. Local authorities deliver a wide range of public services, often to the most vulnerable in our society and people who are economically disadvantaged. By taking this action we aim to protect, as far as possible, core funding for schools, social services and social care, bin collections and local leisure services
76. As a further example within the Social Justice MEG we have allocated £38.5m for the Discretionary Assistance Fund (DAF) to provide emergency support to those who need it the most. We have also protected key activities within other budgets including emergency food aid and some funding for emergency fuel support through the Fuel Bank Foundation within the Supporting Communities budget. This will enable us to continue to provide a level of emergency support to those who are not able to top up their pre-payment electricity meters next year and to support bulk purchase of fuels for people who are not on the gas grid and who cannot afford to pay for fuel. We will also continue our important work to implement our Child Poverty strategy.
77. The Wales Expert Group on the Cost of Living made a total of 29 separate recommendations in their report. These were set out under recommendations for the short term (September 23 and March 24), the medium term (April 24 and April 26) and the long term (May 2026 onwards).
78. The Minister for Social Justice and Chief Whip published the Expert Group report and recommendations in September 2023 following an Oral Statement in the Senedd. At the time the Minister noted that there are many recommendations within the report which the Welsh Government are already taking action on or will be able to take forward at pace. This includes actions relating to the short-term recommendations on helping people to maximise income, reducing the cost of the school day and on energy efficiency and affordability.
79. For this draft budget the main relevant recommendations from the Expert Group were those medium-term recommendations (April 24 to April 26). There are a number of recommendations which relate to the way in which we promote, align and evaluate activity which will continue to influence the way in which we deliver our programmes under the 2024-25 budget. There are some, for example the work on the Welsh Benefits Charter and the refreshed Child Poverty Strategy, which we are able to proceed with, and which will help to direct and inform the way we align our programmes across government and get the most out of our individual anti-poverty actions.

80. There are a number of recommendations, however, which, owing to the current budgetary pressures, we have not been able to take forward in the way that we would have wanted, and which will only be realised if significant additional funding becomes available. We will, however, continue to explore these opportunities in the event that the funding situation changes.
81. The First Minister has committed to publish a response to the Expert Group report and recommendations.
82. The Single Advice Fund (SAF) performance management reports demonstrate the demand for debt advice and income maximisation services is at an all-time high, with predictions that demand will continue to rise in the next financial year. The decision to protect the budget for the SAF in 2024-25 means people from disadvantaged and marginalised population groups will continue to have access to the advice and support they need to maximise their income and manage their debts.
83. The latest figures for the Discretionary Assistance Fund for 2023-24 show spend extremely close to the maximum budget available for the year, with concerns that demand will increase during winter. It is anticipated that this level of demand would continue into 2024-25 given the ongoing cost of living pressures and lack of alternative support schemes. On this basis the budget allocation for Financial Inclusion has been protected in full – recognising that the fund assists those who are most disadvantaged, marginalised and/or vulnerable.
84. The Minister for Social Justice recently agreed to make changes to the Individual Assistance Payment element of the DAF to mitigate the pressure on the budget and ensure we are providing as much support as possible to as many people as possible within the budget available.
85. In terms of taking decisions to re-prioritise funding to protect vulnerable households. Within the Social Justice MEG we have taken action to increase funding for our Basic Income Pilot by £3.5m to ensure we continue to provide the basic income payment without reducing either the amount paid or the length of time it is paid for. This will continue to support more than 600 young care leavers enrolled on the pilot.
86. We have also protected key activities within other budgets including emergency food aid and some funding for emergency fuel support through the Fuel Bank Foundation within the Supporting Communities budget. This will enable us to continue to provide a level of emergency support to those who are not able to top up their pre-payment electricity meters next year and to support bulk purchase of fuels for people who are not on the gas grid and who cannot afford to pay for fuel. We will also continue our important work to implement our Child Poverty strategy.

87. Within the Social Justice portfolio, we are protecting key areas of support and maintaining emergency help for people hardest hit by the ongoing cost-of-living crisis. However, to achieve this we have had to refocus funding away from activities where the Welsh Government has stepped in to fund non-devolved policy areas to compensate for UK Government shortfalls.
88. Across the wider Welsh Government budgets, to ensure no one is left out we have also protected an increase in the Homelessness Prevention budget. The increase of £2m is reduced from a previous £5m increase in the indicative allocations, reflecting the incredibly challenging budget setting round this year.
89. The Equality, Race and Disability Evidence Units were commissioned by Welsh Treasury to undertake a macro summary of the evidence on equality to highlight who would be the most impacted by funding cuts to inform Cabinet decisions.
90. This involved drawing out where people who belonged to equality groups/those with protected characteristics had multiple intersecting characteristics that meant they would be more susceptible to negative impacts from cuts to certain services compared to people without multiple intersecting equality characteristics. This evidence is shown in the Strategic Context of the Strategic Integrated Impact Assessment of the 2024-25 Draft Budget.
91. Our data Census report on ethnicity and ethnicity sub report for the Well-being of Wales report have provided additional information for policy areas to assess decisions with an equality lens. All our research projects aim to make fundamental and long-term changes to the availability, granularity and accessibility of equalities information which will increase the evidence base for future policy decisions across the Welsh Government and public sector.
92. Childcare is part of the Deputy Minister for Social Services portfolio and investment is funded through the HSS MEG.
93. Childcare is a key priority for the Welsh Government and we are investing heavily to ensure that families can access the childcare and play opportunities they need. Through the Childcare Offer for Wales and the Flying Start programme we have already invested more than £90m in childcare in Wales a year and we continue to be committed to expanding early years provision to all two-year olds in Wales.
94. In 2024-25 the Support for Childcare and Play (BEL0310) budget line has an allocation of **£82.378m**. This budget line covers a wide range of activities to support children and families to access childcare and play opportunities, as well as activities that support wider child development, and supporting the staff and settings that support them.
95. The Childcare Offer for Wales (the Offer) is a demand led programme providing 30 hours of government-funded early education and childcare for up to 48 weeks of the year for eligible parents in education/training and working parents of three and four year olds in Wales. A budget of £76.2m, has been allocated for the

Offer which includes: payments to childcare providers; funding to support the Additional Support Grant to help eligible children with additional needs to access the childcare element of the Offer; continuing to build the digital platform to support parents to seamlessly access this funding; and communication activity to ensure that families are aware of the funding they can access.

96. As part of our Cooperation Agreement with Plaid Cymru, we have committed to the expansion of early years provision for all 2 year olds across Wales through our Flying Start programme. The current phase of the expansion programme began in April 2023 and is focussing specifically on expansion of Flying Start childcare to more 2 year olds.
97. In 2024-25 we will be investing £24.3m in supporting more than 5,200 additional children to access high quality Flying Start childcare to support long-term, positive impacts on the lives of those children and families across Wales facing the greatest challenges. Focusing resources on our most disadvantaged communities in the first instance ensures that support reaches families in greatest need at the earliest opportunity.
98. The core Flying Start budget sits within the Children and Communities Grant (CCG). The Children and Communities Grant (CCG) addresses the needs of the most disadvantaged and/or vulnerable children, young people and adults in our society through a range of early intervention, prevention and support mechanisms. The programmes within this grant aim to mitigate or remove disadvantage to disadvantaged and/or vulnerable people to enable them to have the same life chances as others and contribute to a more equal Wales. The budget for the CCG in 2024-25 is £174.583m. Of this, £142.028m is Flexible Funding covering eight programmes, including core Flying Start.
99. The Deputy Minister for Health and Social Services also funds a multitude of other programmes that support the sector and childcare and playwork workforce more generally, as well as programmes that support child development, for example the Training and Support programme for the sector, the Talk with me programme and funding for Cwlwm, Play Wales and Social Care Wales, all of whom offer the sector advice and support. In addition, Welsh Government also supports the sector more broadly for example through business rates relief.

## **Fuel poverty**

100. Between 2010 and the end of March 2023, £450m has been invested to improve home energy efficiency through the Warm Homes Programme, benefitting more than 77,000 lower income households. More than 198,000 people have received energy efficiency advice through the Warm Homes Programme since its launch in 2011.
101. During 2022-23 the Warm Homes Nest scheme provided 21,959 households with free, impartial advice and signposting to a range of support services. 4,364 eligible households received a home energy improvement package, such as a central heating system, a boiler, insulation, solar panel PV or an Air Source Heat

Pump. These improvements are estimated to have saved households £422 on their annual energy bills. Benefit entitlement checks resulted in a household average £2,457 potential increase in benefit take-up, increasing benefit take up by £985k last year.

102. The Warm Homes Programme is funded from the Climate Change MEG and the Minister for Climate Change published a policy statement on the new Warm Homes Programme following consultation and a review of the existing and predecessor schemes. The future scheme, which we aim to be fully operational by 1 April 2024, will address the twin challenges of climate change and fuel poverty.
103. We are also providing a total of £352,000 of funding, alongside technical advice, to local authorities across Wales to leverage greater funding from UK wide schemes such as ECO Flex and the Great British Insulation Scheme.
104. Through the Social Justice MEG, we continue to work with the Fuel Bank Foundation to provide support to 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. Support will be provided from within the Supporting Communities budget where with an indicative £500,000 of the £2.664m budget allocated, however this may be varied depending on demand.

## **Child poverty**

105. When we developed our budget for 2024-25 we did so in line with our core principles of protecting frontline public services and we continue to provide targeted support to those at greatest need.
106. Persistently high inflation, which has not been recognised in our funding settlement, means we are facing the toughest financial situation since devolution. Some of the very difficult decisions we have had to make in 2023-24 will have impacts into 2024-25 and have been reflected in the draft Budget.
107. To reduce the impact on services, we have made decisions to reduce spending by reprioritising or deferring activity, rather than cutting or ending programmes. This means that many of those programmes that we have identified within the Child Poverty Strategy as integral to delivering our objectives will continue to deliver for children in poverty albeit at a lower scale than we would have liked.
108. We have re-shaped the indicative spending allocations within our budget to provide extra funding and protection for the services which matter most to people and communities across Wales – the NHS and the core local government

settlement, which funds schools, social services and social care and other everyday services which directly impact on children.

109. We have taken this approach to ensure we continue to focus funding where it can have the most positive impacts in the circumstances and taking action to ensure we mitigate direct impacts to people and places, as far as possible. Spending more in some areas means there is less to spend in other areas. Where hard decisions have been required, we have sought to identify those areas where the relative impacts are lesser than their alternatives and we have sought to take action to mitigate impacts as far as possible.

110. For example we are acting to protect the core local government settlement by maintaining the planned 3.1% increase between 2023-24 and 2024-25. Local authorities deliver a wide range of public services, often to the most vulnerable in our society and people who are economically disadvantaged. These include significant services for children, through education.

111. This protection we have given to the core local government funding settlement means we have also protected school funding, as far as possible. However, given the scale of the pressures we are facing, it has not been possible to avoid all impacts on children and young people. We have acted to minimise these impacts as far as possible within the funding available.

112. Our 2024-25 Draft Budget sets out within the SIIA at Annex A the impacts of our spending decisions as part of the main narrative in chapter four including spending decisions that directly impact on children and young people.

## **Preventative spend**

113. As we have reshaped our spending plans for 2024-25, we have also been guided by the principles embedded in the Wellbeing of Future Generations Act. We maintain our commitment to respect these principles as we progress and reflect and adapt where necessary. In this context:

- **Long term** – We have needed to act in the short term to protect the core services on which people rely to ensure they are sustainable into the future.
- **Prevention** – Within the extremely challenging settlement we have had to act to prevent the worst impacts to core services. While it has not been possible to avoid all negative impacts we have ensured as far as possible we mitigate direct impacts to people and places.
- **Integration** – we have maintained our approach of understanding the integrated impacts of the choices we are taking. In deploying our limited funding we have considered where funding can be allocated to achieve the



best possible impact balanced against the negative impacts of needing to reduce funding in other areas.

- **Collaboration** - As we move beyond this budget we will work with our wider partners to deliver on our plans and support them in meeting the challenges posed by this fiscal context.
- **Involvement** – Throughout this budget we have engaged with social partners including the third sector, local authorities and Statutory Commissioners to understand the impacts of the current context to shape our spending plans.

114. There are 50 national well-being indicators for Wales that are designed to measure the progress of Wales towards the seven well-being goals. Each year the Chief Statistician prepares and publishes an Annual Well-being of Wales report which provides an assessment of progress towards the well-being goals based on the national indicators.

## Gender-based violence

115. The VAWDASV budget is £8.005m which has not changed from the indicative budget previously published. Of course, there are many other programmes and budgets which contribute to the objectives of our National Strategy, such as healthy relationships' work in education, funding for refuges and other supported housing through the Supported Housing Grant, which sit outside the Social Justice MEG.

116. The SIIA process undertakes an integrated approach to impact assessments to enable us to better understand the impact of spending decisions. In embedding gender-responsive principles this includes seeking to better understand the intersectional and unintended impacts of spending to maximise the impact of available funding.

117. For example we have protected funding for the Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) budget at £8m due to continuing demand against this budget and given the importance of protecting those experiencing VAWDASV from physical, emotional and mental harms as well as changing attitudes and culture.

118. As part of our Budget Improvement Plan working with a range of internal and external colleagues, we have continued to promote a better understanding of gender budgeting across Welsh Government. The gender budgeting pilots which were conducted in 2022-23 have shaped our understanding of how this work can be further embedded and expanded. We are in the process of considering next steps to further embed these approaches in our budget and tax processes.

119. Welsh Government's core VAWDASV funding is distributed between a number of programmes and projects which each have their own deliverables and targets. Overall the funding is allocated in order to deliver our National Strategy 2022/2026. The objectives of the strategy are to:
- Challenge the public attitude to violence against women, domestic abuse and sexual violence across the Welsh population.
  - Increase awareness in children, young people and adults of the importance of safe, equal and healthy relationships.
  - Hold those who commit abuse to account and support those who may carry out abusive or violent behaviour to change their behaviour.
  - Make early intervention and prevention a priority.
  - Relevant professionals are trained.
  - Provide all victims with equal access to appropriately resourced, high quality, needs-led, strength-based, inter-sectional and responsive services across Wales.
120. We are working through of National VAWDASV Partnership to deliver against these objectives with the VAWDASV budget contributing alongside those of partners to achieve these objectives.
121. There are no specific ring-fenced budgets within the overall budget for survivor support services such as shelters, hotlines and counselling. There are, however, specific funding awards to delivery partners which funds refuges, hotlines and other support services. Some of these awards are made by regional partnerships who are allocated a budget for this from the overall VAWDASV BEL and some are funded directly by Welsh Government. All Welsh Government awards are currently unchanged, as are the regional allocations.
122. The National Strategy is built on a public health approach which requires changes to societal attitudes to violence against women and girls. Evaluating the extent to which attitudinal change has occurred is complicated and challenging. However, we do evaluate the impact and reach of specific campaigns. The Sound campaign addresses sexist attitudes amongst young men and boys. It has achieved significant levels of public engagement. Over 11 million people have viewed the footage globally, approximately 345,000 of those were men aged 18-34 in Wales who are, of course, the target audience. The campaign has also been successful in recruiting sporting ambassadors such as three current Welsh male football internationals. Whilst we do not have the means to evaluate or attribute change, there are reasons to regard this level of engagement as a success.
123. Impact assessment covers the full range of protected characteristics. Gender is recognised as a protected characteristic under the Equality Act. All budget decisions are impact assessed and therefore all decisions are assessed for gender impact as a matter of course. This includes the impact assessment undertaken as part of the development of the National Strategy.

124. The SIIA process undertakes an integrated approach to impact assessments to enable us to better understand the impact of spending decisions. In embedding gender-responsive principles this includes seeking to better understand the intersectional and unintended impacts of spending to maximise the impact of available funding.
125. For example, we have protected funding for the Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) budget at £8m due to continuing demand against this budget and given the importance of protecting those experiencing VAWDASV from physical, emotional and mental harms as well as changing attitudes and culture.
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## **Voluntary sector**

127. The Welsh Government continues to fund Third Sector Support Wales (TSSW - comprising Wales Council for Voluntary Action and 19 County Voluntary Councils) to support the wider third sector across the whole of Wales – more than 40,000 organisations of all sizes and covering the full spectrum of Welsh social and economic life.
128. TSSW provides wide-ranging support across the challenges facing the sector, including advice on funding, governance, staffing and legal issues. Core funding for TSSW has been maintained in the 2024-25 budget.
129. The Welsh Government has not undertaken recent research on the value for money offered by the third sector, but is aware of ongoing discussions at UK level between the voluntary sector and UK Government with a view to producing a satellite account for the third sector.
130. In 2022, a [report](#) by Danny Kruger, Conservative MP for Devizes, which was commissioned by the then Prime Minister Theresa May, was produced with a view to strengthening the capacity of civil society. One recommendation was that the Office for National Statistics (ONS) should prepare a set of satellite accounts for the third/voluntary sector. The report outlines shortcomings in the available data relating to the scope and impact of the sector generally.
131. Evidence from organisations like Lloyds Bank Foundation (Value of Small Study) highlights the distinct services small/medium local third/voluntary sector

organisations provide to their communities. This is as a result of understanding the service user needs better, are more flexible and because of their status are more attractive to vulnerable service users.

SOCIAL JUSTICE						
RESOURCE						
Budget Expenditure Line	2023-24 Final Budget	2023-24 1st Supplementary Budget	2024-25 Indicative Plans	Changes	2024-25 Draft Budget	Explanation of changes between First Supplementary Budget 2023-24 and Draft Budget 24-25
	£000s	£000s	£000s	£000s	£000s	
Basic Income	12,200	12,200	7,200	3,500	10,700	An allocation of an additional £3.5m has been made to the Basic Income BEL as part of the 24-25 Draft Budget due to uptake of the pilot being higher than originally anticipated.
Financial Inclusion	39,002	39,002	39,002	0	39,002	No change to 24-25 Draft Budget
Digital Inclusion	1,250	2,250	1,250	-500	750	2023-24 First Supplementary included budget transfer in of £1m from HSS MEG for extension of digital inclusion and health procured programme. 2024-25 Draft budget reduction by £500k from indicative plans. We continue to recognise the importance of tackling digital inequalities and have therefore protected the budget as far as possible.
Digital Inclusion - Non cash	149	149	149	0	149	No change to 24-25 Draft Budget
Supporting Communities	1,164	1,660	4,164	-1,500	2,664	2023-24 First Supplementary budget transfer in of £0.496m from FLG MEG for the Ukraine Digital Platform. 2024-25 Indicative Budget due to increase by £3m. 2024-25 Draft budget reduced by £1.5m compared to the indicative budget. This revised budget will still enable us to continue to support emergency food (£1m) as well as funding for emergency fuel support (£0.5m) through the Fuel Bank Foundation; though at a reduced rate. It will also enable implementation of the Child Poverty Strategy - supporting collaboration and co-ordination activity
International Sustainable Development *	1,275	1,375	1,275	-225	1,050	2023-24 First Supplementary budget transfer in of £0.1m from CSA MEG for The Wales in Africa programme - Mobile Tree Planting project 2024-25 Draft budget has been reduced by £225k. This will impact our investment in small grants and Hub Cymru Africa. However, the BEL will still be able to continue to run the International Learning Opportunities (ILO) scheme.
Social Partnerships	961	961	961	-161	800	24-25 Draft Budget reduced by £161k compared to our indicative 24-25 budget, but this will not impact the implementation of the Act. The savings can be made from currently unallocated budgets and will therefore have minimal impact on what will be delivered by March 2025.
<b>Action: Total Supporting Communities</b>	<b>56,001</b>	<b>57,597</b>	<b>54,001</b>	<b>1,114</b>	<b>55,115</b>	
Fire & Rescue Services	2,533	2,533	2,533	-10	2,523	24-25 Draft Budget reduced by £10k from this budget which has been possible due to realising savings against the retendering of a contract.
Fire & Rescue Services - Communication Systems	2,275	2,275	2,275	-1,000	1,275	24-25 Draft Budget reduced by £1m based on the current Programme 24-25 forecast for Wales. We have been able to identify this saving due to programme slippage and due to delays caused by the re-procurement of new suppliers.
Community Fire Safety	848	848	848	-457	391	24-25 Draft Budget reduced by £457k compared to the indicative budget for 24-25. This has resulted in the cessation of the Arson reduction programme (£387k) as well as other smaller savings including the cessation of funding to support the secondment of an Occupational Therapist to South Wales Fire and Rescue Authorities' and a reduction in funding to support the Armed Forces Day which may result in some scaling back of activities compare to previous years.
<b>Action: Total Fire and Rescue Services and Resilience</b>	<b>5,656</b>	<b>5,656</b>	<b>5,656</b>	<b>-1,467</b>	<b>4,189</b>	
Older People Commissioner	1,701	1,687	1,701	-85	1,616	2023-24 First Supplementary budget transfer in of £0.002m from Reserves - IFRS 16 (non-ringfenced); and Transfer out of £0.016m (to non-cash line) - IFRS 16 (Reduction RDEL 2024-25 Draft budget decreased by £85k
Older People Commissioner - Non cash	9	25	9	0	9	2023-24 First Supplementary budget transfer in of £0.016m from Reserves - IFRS 16 (Depreciation) No change to 24-25 Draft Budget
Children's Commissioner	1,675	1,646	1,675	-84	1,591	2023-24 First Supplementary budget transfer out of £0.029m to Reserves (non cash) - IFRS 16 - Reduction of RDEL 24-25 Draft budget decrease of £84k
Children's Commissioner - Non cash	52	81	52	0	52	2023-24 First Supplementary budget transfer in of £0.029m from Reserves - IFRS 16 (Depreciation) No change to 24-25 Draft Budget
Public Appointments	400	400	400	-248	152	24-25 Draft Budget decrease of £248k. The remaining budget in 2024-25 will be used to deliver a new pilot job shadowing scheme which will ensure pay parity for people who undertake job shadowing. There will be positive impacts in terms of Black, Asian, Minority Ethnic, disabled and LGBTQ+ people who will be paid fairly for their part in job shadowing schemes.
Future Generations Commissioner Wales	1,695	1,695	1,695	-85	1,610	24-25 Draft budget decrease of £85k
<b>Action: Communities</b>	<b>5,532</b>	<b>5,534</b>	<b>5,532</b>	<b>-502</b>	<b>5,030</b>	
Violence against Women, Domestic Abuse and Sexual Violence	8,005	8,144	8,005	0	8,005	2023-24 First Supplementary budget transfer in of £0.139m from CC MEG for Street life projects. No change to 24-25 Draft Budget
<b>Action: Violence against Women, Domestic Abuse and</b>	<b>8,005</b>	<b>8,144</b>	<b>8,005</b>	<b>0</b>	<b>8,005</b>	
Equality, Inclusion and Human Rights	10,970	10,970	12,987	-3,214	9,773	24-25 Indicative Budget due to increase by £2,017k compared to the 23-24 budget 24-25 Draft budget decrease of £3,214m. Despite this reduction we are able to maintain delivery against all Programme for Government commitments supported within the BEL.
Cohesive Communities	4,710	5,081	5,580	-870	4,710	2023-24 First Supplementary budget transfer in of £0.200m from Education MEG for ESOL REACH+Hubs; and £0.171m from CC MEG for the Refugee Well Housing project. 24-25 Indicative Budget due to increase by £870k compared to the 23-24 budget 2024-25 Draft budget reduced by £870k compared to the indicative budget.
Equalities, Poverty and Children's Evidence & Support	1,636	1,636	1,949	-313	1,636	24-25 Indicative Budget due to increase by £313k compared to the 23-24 budget 2024-25 Draft budget reduced by £313k compared to the indicative budget.
Chwarae Teg	366	366	366	-366	0	Chwarae Teg has now closed, so the whole budget of £366k has been removed, we have therefore removed the Chwarae Teg budget in 2024-25. We will work with stakeholders to co-design new activity in this area.
<b>Action: Equality, Inclusion and Human Rights</b>	<b>17,682</b>	<b>18,053</b>	<b>20,882</b>	<b>-4,763</b>	<b>16,119</b>	
Advice Services	11,675	12,811	11,675	0	11,675	2023-24 First Supplementary budget transfer in of £1.136m from Reserves for share of Financial Levy No change to 24-25 Draft Budget
<b>Action: Advice Services</b>	<b>11,675</b>	<b>12,811</b>	<b>11,675</b>	<b>0</b>	<b>11,675</b>	
Support for the Voluntary Sector and Volunteering	7,624	7,624	9,424	-970	8,454	24-25 Indicative Budget due to increase by £1.8m compared to the 23-24 budget 24-25 Draft Budget increase of £803k
<b>Action: Support for the Voluntary Sector and Volunteering</b>	<b>7,624</b>	<b>7,624</b>	<b>9,424</b>	<b>-970</b>	<b>8,454</b>	
Community Support and Safety	22,981	22,981	22,981	-7,473	15,508	24-25 Draft Budget reduced by £7.473m compared the indicative budget for 24-25. The saving is based on a reduction of Welsh Government funded PCSOs down from 510 at the end of 2023-24 to 300 by the end of 2024-25. These estimates and the saving realised in practice will depend on churn etc and could be lower.
<b>Action: Community Support and Safety</b>	<b>22,981</b>	<b>22,981</b>	<b>22,981</b>	<b>-7,473</b>	<b>15,508</b>	
Women's Justice & Youth Justice Blueprints **	1,092	1,092	1,092	-20	1,072	24-25 Draft Budget reduced by £20k due to uncommitted expenditure
<b>Action: Female Offending and Youth Justice Blueprints</b>	<b>1,092</b>	<b>1,092</b>	<b>1,092</b>	<b>-20</b>	<b>1,072</b>	
<b>MEG: SOCIAL JUSTICE</b>	<b>136,248</b>	<b>139,492</b>	<b>139,248</b>	<b>-14,081</b>	<b>125,167</b>	
to be added at 2nd Supp 23-24 Budget						
Equality, Inclusion and Human Rights - Non Cash	0	0	0	3	3	£3k from Reserves towards non-cash
<b>MEG: SOCIAL JUSTICE</b>	<b>136,248</b>	<b>139,492</b>	<b>139,248</b>	<b>-14,078</b>	<b>125,170</b>	

Formerly  
International Development \*  
Female Offending and Youth Justice Blueprints\*\*



Delyth Jewell MS  
Chair  
Culture, Communications, Welsh Language, Sport  
and International Relations Committee  
Senedd Cymru

20 December 2023

Dear Delyth,

I am writing in response to your letter of 14 November on the Welsh Government's Draft Budget 2024-25.

The international profile of Wales continues to rise. Our nation's success in sport and culture, and our innovative approach to policy, mean that demand for international engagement is high and increasing. The value of this international engagement has been clear to see in investments such as Vishay Intertechnology and KLA as well as Memoranda of Understanding with regions such as Baden-Württemberg this year.

However, as we have seen in this financial year, the next financial year is likely to continue to be challenging, resulting in further potential difficult decisions and prioritisations ahead. From an international perspective, this means that next year we will need to balance increasing demand whilst continuing to provide value for money. This response will set out our high-level plans for the next financial year, which will be developed in further detail over the next quarter.

### **Previous and Current Financial Years**

The **2022-23** financial year final out-turn for International Relations was £7.689m, against a figure of £8.424m. The Overseas Network was not fully resourced during 2022-23, which resulted in an underspend. The position has now been addressed, with an increased presence in India and North America.

As outlined in our previous letter, the International Relations budget for **2023-24** was £8.383m. This was reduced to £8.272m at the First Supplementary Budget. The £0.111m reduction was for a £0.100m transfer from the International Relations BEL to the Social Justice MEG's International Development BEL, to cover inflationary pressures for the Mbale Tree Planting Programme and a £0.011m transfer to reserves in relation to IFRS16 leases.

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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.

Following an in-year financial savings exercise, £260,000 has been returned to central finance. Our current forecast outturn for 2023-24 is £8.112m.

## **2024-25**

### **Budget Expenditure Line (BEL) allocations**

The table below provides a breakdown of the indicative **2024-25** draft budget allocations for International Relations.

Budget Expenditure Line	2024-25 Indicative Draft Budget December 2023	2024-25 Temp in year reduction	MEG to MEG Transfers	2024-25 Indicative Final Budget March 2024
	£000s	£000s	£000s	£000s
International Relations				
<b>Action: International</b>	<b>8,383</b>	<b>290</b>	<b>350</b>	<b>7,743</b>
<b>SPA: International</b>	<b>8,383</b>	<b>290</b>	<b>350</b>	<b>7,743</b>

All departments across Welsh Government were asked to review their budgets in light of the financial challenges being faced. In the case of International Relations, a reduction was made to the overall budget, which provided an initial reduced budget of £8.383m. Further to this, staff in International Relations completed an additional deep dive of the budget requirements for the next financial year and £0.29m savings were identified, reducing the budget to £8.093. After actioning the MEG to MEG transfer of £350,000 to International Development, this leaves the revised budget at £7.743m for 2024-25.

As per previous financial years, the £350,000 MEG to MEG transfer from International Relations to International Development is to support the delivery of the Wales and Africa aspects of the International Strategy. This follows similar transfers undertaken in 2022-23 and 2023-24 which were then confirmed to take place annually for the duration of the International Strategy.

### **International Development**

The International Development Draft Budget for 2024-25 is £1.050m from a previous £1.275m, the reduction of £225,000 is due to the in-year savings exercise. This £1.050m is made up of £700,000 from the Social Justice MEG under the responsibility of the Minister for Social Justice, plus the MEG transfer from International Relations of £350,000 to deliver aspects of the International Strategy.

The International Development budget for 2022-23 was £1.275m, of which only £350,000 was under the responsibility of the First Minister's office. The final outturn for the year was £1.386m. A £100,000 DEC payment towards the Pakistan flood appeal was provided, with this funding being covered by a £100,000 underspend in the International Relations budget. There was also an additional £11,000 overspend due to awarding an extra grant in round 2 of the Wales and Africa small grants scheme.

The International Development budget for 2023-24 was £1.375m and, due to an in-year savings exercise, we returned £16,000 which reduced the budget to £1.359m and the means that the forecast outturn is £1.359m.

### **Other information**

Wales has its own International Strategy and objectives for engaging with the European Union. The Welsh Government's Brussels Office, and our network of offices across Europe in France, Germany and Ireland, are central to supporting our trade and investment activity in Europe and delivering on our commitment to European engagement. This presence means that we can continue to work with our partners in Europe on our shared values and policy ambitions. It will also enable us to support businesses to trade as efficiently as possible in the future.

With EU exit resulting in additional barriers to trade and investment in the EU market, it is more important than before to have a presence across Europe to promote Wales as an investment destination and to support businesses to continue to trade with our largest trading partner. We must work harder to remain present and relevant to our European partners post-Brexit.

The Welsh Government has shared policy goals with the EU on many key issues and challenges such as sustainability, the environment and biodiversity, climate, innovation and regional development, equality and social affairs, amongst others. The UK's exit from the EU has made it more challenging to engage directly with EU institutions on these topics as we no longer have the same access to EU institutional frameworks to gather intelligence from, and influence, EU policy. The terms of the EU-UK Trade and Co-operation agreement mean that it is important to understand the direction of future EU policy that will have continued implications for Wales.

Through the work of the Welsh Government Brussels Office, our European Representative and priority relationships with European nations and regions, we are re-establishing and reinforcing our connections with EU institutions and partners in a way that reflects the new post-Brexit arrangements. Welsh Government continues to work actively with a wide range of European networks covering a wide range of areas. These networks raise Wales' profile within Europe, provide detailed analysis to EU policy proposals and support the building of consortia for inter-regional collaboration. The activity undertaken by all of our international offices, including those in Europe, is not set out prescriptively in the draft budget allocation and responds flexibly to global challenges and priorities.

Welsh Government has delivered on its Programme for Government commitment to retain the Brussels office. A new and more favourable nine-year lease has been negotiated, securing Tŷ Cymru as an essential hub for Welsh Government, Senedd Cymru and Universities Wales engagement with the EU Institutions.

The action to establish a peace academy is another important Programme for Government commitment. Funding has been awarded to Academi Heddwch, amounting to £140,918 in this current financial year. The Academi held its inaugural peace lecture at the Llangollen International Eisteddfod this year and awarded certificates to schools for their work on peace. The Academi has completed some baseline research on 'Wales as a Nation of Peace' which will assist the development of a Wales' peace research network.

Unfortunately, global conflict remains a significant feature of the international agenda. Although this does not directly impact on the International Relations budget, responding to situations, such as the unprovoked war in Ukraine, remains an important part of the Welsh



Government's work. The UK Government has led on the UK's response to these events, and we work closely with the FCDO to remain updated on developments.

In Wales, the Welsh Government has been able to provide support to those who have been affected through the Homes for Ukraine scheme and working with the Disasters Emergency Committee Cymru. Wales' support for Ukraine is routinely discussed in diplomatic engagements and through our funding to Academi Heddwch, schools and others have been signposted to resources which explain the conflict and ways in which citizens can help.

## **Specific areas**

### **International Strategy**

Within this International Engagement budget of £3.059m, £150,000 has been allocated to the Priority Regional Relationships and Networks Action Plan, £1.3m for the Public Diplomacy and Soft Power Action Plan and £190,000 has been allocated to the Diaspora Engagement Action Plan. The remaining budget of £1.419m will be used to fund cross-cutting activity which supports our overarching International Relations objectives and the International Strategy rather than directly allocated to a particular Action Plan.

International Relations works closely with our strategic partners, including arts and sports organisations, the Office of the Future Generations Commissioner, our global diaspora and our priority regions and countries, to support the delivery of our International Strategy.

We expect our strategic partners to submit their engagement and delivery plans in the first quarter of the 2024 and we will consider their requests for resources accordingly. We will continue to work with strategic partners that we do not directly fund but who contribute to the delivery of the strategy.

There has been significant engagement with priority regions this financial year. During this period the International Relations team has negotiated a new memorandum of understanding with Flanders, a shared statement with Baden-Württemberg and an International Friendship Pact with the city of Birmingham, Alabama.

Wales has hosted several Priority Regions in Wales this financial year, including a delegation from our priority regions at Wales Tech Week. The delegation included representatives from Silesia, Catalonia, the Basque Country, Flanders, Ontario, Baden-Württemberg and Québec.

### **Wales and Africa Programme**

The 2023-24 Wales and Africa budget stands at £1.359m – with the MEG to MEG transfers of £350,000 and an additional £100,000 to cover inflationary pressures for the Mbale Tree Planting project. This additional transfer is for the financial year 2023-24 only. £16,000 of the budget was returned for this financial year in the cost savings exercise.

The Wales and Africa programme is part of the portfolio of the Minister for Social Justice with £350,000 (via transfers) from the International Relations BEL contributing to the delivery of the International Strategy.

The £450,000 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.

## 2024-25

The 2024-25 Wales and Africa budget is currently forecast to be £1.050m – with the MEG to MEG transfer of £350,000. The reduced amount is following the central financial savings exercise in which £225,000 was returned centrally.

### Overseas offices

The budget for the International Offices is £5,434,400. This is split into an annual overseas offices running cost budget of £4,684,400 and an annual combined activity budget of £750,000. The overseas offices running cost budget includes office rent, FCDO platform charges, 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, with a focus on soft power.

In terms of our engagement with major/international events, a programme of sports diplomacy commenced in August 2022, which looked to capitalise on the opportunities of Wales' qualification at several major tournaments across a range of sports including hockey, netball, rugby and football. Over the whole of 2023, we looked 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.

An independent evaluation of the Welsh Government's Tîm Cymru approach positively reported new partnerships, strengthened networks, and enhanced economic, educational and cultural international relations as a result of our work. It also found strong evidence that these activities have reached a wide audience, both domestic and internationally. We will use this learning in future events activity and planning. It is important to note that much of the work using sport as a tool for soft power has been undertaken by teams across Welsh Government, not just International Relations.

Plans for 2024-25 engagement at international events remains ongoing. We anticipate some of these events will be linked to our Wales in India year and St David's Day.

Yours sincerely,



**MARK DRAKEFORD**

## Culture, Communications, Welsh Language, Sport and International Relations Committee

### Evidence paper on Draft Budget 2024-25 – Welsh Language budgets within the Education and Welsh Language Main Expenditure Group

11 January 2024 (9.30-11.00)

This paper provides information to the Culture, Communications, Welsh Language, Sport and International Relations (CCWLSIR) 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 2024-25, published on 19 December 2023. 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 multi-year Welsh Spending Review, we set out ambitious plans for increasing the number of Welsh speakers and doubling daily use of the language. Budgets initially set for the three-year period 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 specifically linked to the Co-operation Agreement. In last year's budget we maintained that funding and provided a revenue increase for the Welsh Language Commissioner of £0.15m from 2023-24.
- 1.2 The stark reality of the extraordinary financial circumstances we are facing has necessitated a more fundamental approach. We have re-shaped the indicative spending allocations within our budget to provide extra funding and protection for the services which matter most to people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services. This has resulted in the reprioritisation of just under £103m (5.68%) from the Education and Welsh Language budget.
- 1.3 We have worked hard to limit the impacts on funding for the Welsh language, including maintaining funding linked to the Welsh Language Education Bill, Mudiad Meithrin and the Welsh in Education budget. The impact of the reprioritisation exercise on Welsh language budgets has resulted in the return of £3.668m to reserves. While we are reprioritising £3.5m from funding linked to Coleg Cymraeg Cenedlaethol and the National Centre for Learning Welsh, we are maintaining budgets at 2023-24 levels to cause the least disruption to the Welsh language sector. This funding will be reprofiled and considered in the context of the mechanisms being developed for ongoing financial commitments under the Co-operation Agreement, as set out in chapter 1 of the main draft budget narrative. A cross-government decision has resulted in a 5% budget

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<sup>1</sup> Budgets within the Cymraeg 2050 (LAEG), Welsh in Education, Welsh Language and Welsh Language Commissioner Budget Expenditure Lines (BELs) only.

reduction for the four statutory Commissioners, including £0.168m for the Welsh Language Commissioner (see section 3.2).

1.4 The table below summarises the changes to Welsh language budgets for 2024-25.

Action	£000s					
	BEL	2024-25 Indicative (Final Budget 2023-24 - Feb 2023)	2024-25 Reprioritised Funding	2024-25 Grant Amalgamation	2024-25 Other Changes	2024-25 Draft Budget (Dec 2023)
	£000s					
Pre-16 Education Support via LA's	Cymraeg 2050 (LAEG)	0	0	9,770	0	9,770
<b>Total Pre-16 Education Support via LA's</b>		<b>0</b>	<b>0</b>	<b>9,770</b>	<b>0</b>	<b>9,770</b>
Welsh in Education	Welsh in Education	24,275	-3,500	-2,200	-1,675	16,900
<b>Total Welsh in Education</b>		<b>24,275</b>	<b>-3,500</b>	<b>-2,200</b>	<b>-1,675</b>	<b>16,900</b>
Welsh Language	Welsh Language	22,404	0	-500	1,675	23,579
	Welsh Language Commissioner	3,357	-168	0	0	3,189
	Welsh Language Commissioner - Non Cash	121	0	0	0	121
<b>Total Welsh Language</b>		<b>25,882</b>	<b>-168</b>	<b>-500</b>	<b>1,675</b>	<b>26,889</b>
<b>Total Welsh Language Resource Budgets</b>		<b>50,157</b>	<b>-3,668</b>	<b>7,070</b>	<b>0</b>	<b>53,559</b>
Welsh Language	Welsh Language Commissioner - Non Cash	50	0	0	0	50
<b>Total Welsh Language</b>		<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>
<b>Total Welsh Language Capital Budgets</b>		<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>
<b>Total Welsh Language Budgets</b>		<b>50,207</b>	<b>-3,668</b>	<b>7,070</b>	<b>0</b>	<b>53,609</b>

1.5 As part of the Programme for Government, we have committed to reducing the administrative burden on local authorities, to allow them to focus on their vitally important work delivering front line services. Therefore, in this budget we propose a new approach for pre-16 education grant funding, to ensure that local authorities and schools are not hampered by unnecessary bureaucracy. From 2024-25, we are proposing to amalgamate local authority and consortia grants, including Welsh language grants, into one grant scheme called the Local Authority Education Grant (LAEG). This grant scheme will be made up of four elements of education funding, including Cymraeg 2050 (others being School Standards, Equity and Reform).

1.6 This funding will be crucial to the delivery of the forthcoming Welsh Language Education Bill. The new Cymraeg 2050 (LAEG) BEL will provide funding of £9.77m through the LAEG, combining funding for the Welsh in Education Grant (School Improvement Grant BEL), Professional Learning (Teacher Development and Support BEL), late immersion provision (Welsh in Education BEL) and the Siarter Iaith (Welsh Language BEL).

- 1.7 Incorporating these changes, the total indicative budget to support the Welsh Language stands at **£53.6m in 2024-25** – £53.559m resource and £0.05m capital (excluding Welsh Medium Education Capital funded via the Education Infrastructure BEL – further information is provided in section 3.3).
- 1.8 As requested by the Committee, a detailed breakdown of 2024-25 draft budget allocations (as relevant to the Welsh language), final outturn for 2022-23, together with forecast outturn for 2023-24, is attached at **Annex A**. This confirms the final outturn for Welsh language budgets (Welsh Language, Welsh in Education and Welsh Language Commissioner BELs) in 2022-23 was £44.937m (£44.695m resource and £0.242m capital) and the forecast outturn (as at period 7) for 2023-24 is £48.643m (£48.593m resource and £0.05m capital).
- 1.9 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

- 1.10 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. The indicative budget for the Welsh Language BEL is **£23.579m** in 2024-25. This budget reflects the transfer of £0.5m for Siarter Iaith to the *Cymraeg 2050* (LAEG) BEL and the transfer in of £1.675m from the Welsh in Education BEL in respect of funding allocated via the Co-operation Agreement for the National Centre for Learning Welsh.
- 1.11 In 2022-23, an additional £1.2m was allocated to the Urdd as continued support for the rebuilding of their services following the Covid-19 pandemic. The funding was baselined into 2023-24 and the intention is to allocate the same amount for 2024-25. It takes the total funding for the Urdd to over £2.2m per annum. Further detail on this funding is set out under section 3.1.
- 1.12 The National Eisteddfod was allocated a further £0.3m per annum in 2022-23 to support the organisation's post Covid-19 recovery. This funding was also baselined into 2023-24 and we propose the same for 2024-25 resulting in the Eisteddfod Genedlaethol's grant increasing to £1m per annum moving forward.
- 1.13 As part of the [Co-operation Agreement](#), and through existing budgets, we are investing £1m revenue by the end of 2024-25 in Carmarthenshire and the former industrial heartland areas of the Western Valleys. We're doing this in response to the results of the 2021 Census in relation to the Welsh language. It will support us to better understand the results and enable us to pilot interventions in response to those results.

1.14 The remaining budget has been maintained in 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;
- delivering Welsh language training through the National Centre for Learning Welsh;
- the Siarter Iaith which supports and promotes the informal use of Welsh amongst school-age children, with £0.5m of this budget transferring to the LAEG;
- 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, the network of Papurau Bro (Welsh-medium community newspapers); Merched y Wawr; Cymdeithas Eisteddfodau Cymru; Cymdeithas Cyfieithwyr Cymru; and the Young Farmers Clubs Movement;
- the Welsh Language Communities Housing Plan; and
- research, evaluation and marketing in respect of the strategy.

### **Welsh Language Commissioner BEL**

1.15 This budget supports the Welsh Language Commissioner, with further detail on the Commissioner’s budget provided in section 3.2.

### **Welsh in Education BEL**

1.16 The indicative budget for the Welsh in Education BEL is £16.9m in 2024-25. This budget reflects the reprioritisation of Co-operation Agreement funding of £3.5m to reserves (see para 1.3), the transfer out of £1.675m to the Welsh Language BEL for the element of funding relating to the Co-operation Agreement for the National Centre for Learning Welsh, and the transfer out of £2.2m to the Cymraeg 2050 (LAEG) BEL to expand Welsh immersion provision as a result of grant amalgamation.

1.17 As part of our Co-operation Agreement, the remaining funding within the BEL of £2.825m in 2024-25 will support the Coleg Cymraeg Cenedlaethol.

1.18 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;
- continuation of funding for the e-sgol programme of £0.6m per annum following an increase in funding from 2022-23 onwards;

- the implementation of the 10-year Welsh in Education Strategic Plans (WESPs) in line with the Welsh in Education Strategic Plans Regulations 2019, which came into force on 1 January 2020; and
- commissioning of bilingual teaching and learning resources in support of the curriculum and its qualifications, including funding for Adnodd, a Welsh Government subsidiary company which became operational on 1 April 2023.

## **Cymraeg 2050 (LAEG) BEL**

- 1.19 The indicative budget for this new BEL stands at **£9.77m** for 2024-25 (paragraphs 1.5-1.6 refer). The amalgamation of the grants will provide local authorities with a stronger overarching and strategic look of how they can embed Welsh in education policy within their work. This will ensure that local authorities have the autonomy and resources to deliver on their WESPs, and distribute the funding provided to support their own local education and linguistic contexts.
- 1.20 Officials will work closely together to devise specific grant guidelines and requirements for the work associated with the Welsh in education funding. The funding allocations for each local authority will align with pre-existing structures that are in place for delivering, reporting, and monitoring of the local authorities' WESPs. Further alignment between the funding provided to local authorities and the WESPs can only strengthen Welsh-medium provision moving forward.

## **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 *Cymraeg 2050: A million Welsh speakers*, 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 targets and the efficacy of our programmes and interventions. 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 We have undertaken a review of the Grant Scheme to Promote and Facilitate the Use of the Welsh Language. The aim of the review was 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. We will build our response to the Review's recommendations into a new grants scheme to support *Cymraeg 2050*.
- 2.5 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.
- 2.6 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).
- 2.7 Our [Welsh Language Technology Action Plan](#) involves ensuring Welsh language digital components are created and maintained so that they can be freely 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 23/10/2018 and we're currently preparing to develop the next plan.
- 2.8 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***

- 2.9 Since launching *Cymraeg 2050*, 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. At the outset, we committed 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 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: maintain language transmission rates in families with the aim of seeing a gradual increase along the way up to 2050**

- 2.10 To support this aim, we will continue to invest in the Cymraeg for Kids programme during 2024-25 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. Face-to-face sessions now run alongside virtual sessions introduced during the pandemic.
- 2.11 Cymraeg for Kids supports our [national policy on Welsh language transmission and use in families](#). Encouraging families to choose and use 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. Our *Welsh language transmission and use in families* policy works in collaboration with Cymraeg i Blant.

**Milestone: Increasing language use**

- 2.12 Another important target within *Cymraeg 2050* is to empower speakers to use their Welsh with the aim of doubling the percentage of us who use more than a few words of Cymraeg every day by 2050. With this important aim in mind, all of the interventions in the Cymraeg 2050 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 through working with bodies to improve and increase the use of their Welsh language services.
- 2.13 Supporting the Welsh language as a thriving community language is central to the [Welsh Language Communities Housing Plan](#) (WLCHP). A key theme of the WLCHP is to empower communities to take responsibility for the long term sustainability of the Welsh language. The Perthyn project supports community organisations to set up or expand social enterprises and community led co-operative housing. Perthyn, which is delivered by Cwmpas has two elements – the first provides a bespoke support and advice service to community groups and secondly a small grant to encourage community empowerment and capacity building. A total of £0.465m has been allocated for the WLCHP for 2024-25. In August 2022, we launched the Commission for Welsh-speaking Communities, the Commission will initially concentrate on the future of Welsh as a community language in Welsh-speaking communities. In June 2023, the Commission

published a position paper outlining their initial findings with the final report due to follow during the summer of 2024.

2.14 The Siarter Iaith supports and promotes the informal use of Welsh amongst school-age young people. We have maintained funding of £0.713m for the programme in 2024-25. Of this allocation, £0.5m is transferring to the new Cymraeg 2050 (LAEG) BEL for local authorities to work with schools to deliver the programme and £0.138m will be allocated to the Urdd to deliver other elements of the programme. The remainder funds national activities such as the publication of the Seren a Sbarc books, other resources and funding to support Bardd Plant Cymru (*Welsh-language Children's Laureat*).

**Milestone: Aim to support the expansion of Welsh language early years by 60 new groups by 2026**

2.15 We will maintain funding of £3.031m to Mudiad Meithrin to support its membership of Cylchoedd Meithrin and Cylchoedd Ti a Fi to strengthen and expand its services. The work to develop staff and volunteers at its member settings has continued, with the range of courses available through its 'Academi' expanding and uptake increasing. Funding will also continue to enable Mudiad Meithrin to run the Sefydlu 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.

2.16 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 continuing with additional funding provided during 2022-23 and 2023-24 allowing for Mudiad Meithrin to exceed their annual targets. This budget will be maintained in 2024-25 and Mudiad Meithrin will continue to build early years capacity to provide a path into Welsh-medium education.

2.17 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 (funded through the Health and Social Services MEG) 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.**

2.18 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 (2023), published in September shows a small percentage decrease in Year 1 learners studying through the medium of Welsh, decreasing from 23.9% in 2022 to 23.4% in 2023. 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.

- 2.19 We will continue to allocate funding of £0.1m from the Welsh in Education BEL to support central work on the WESPs. All local authorities in Wales implemented their 10-year WESPs in September 2022 and submitted their annual WESP review reports in July 2023 outlining progress made against their targets within the first year of their Plans. The WESP annual review reports have been assessed and feedback has been provided to each local authority. Whilst the increase in the number and percentage of learners varies across Wales, the first annual review reports show us that decisive action has been taken by the majority of local authorities to lay firm foundations for progress during the lifespan of the WESPs.
- 2.20 Our efforts in 2024-25 will concentrate on continuing to support local authorities to implement their 10-year WESPs. This will include:
- providing advice and guidance around communication and promotion of Welsh-medium education;
  - continue to fund the role of a Welsh-medium Champion in South-east Wales to strengthen mechanisms that support Welsh-medium education in the area;
  - on-going support in implementing the new WESPs and attending local authorities' Welsh in education forums; and
  - support local authorities to implement the new arrangements relating to school categorisation according to the provision of Welsh.
- 2.21 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 Welsh-medium Late Immersion Grant will continue to support and deliver activities directly supporting the implementation of WESPs.
- 2.22 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.
- 2.23 We have 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*. The new *Cymraeg 2050 (LAEG) BEL* brings together local authority funding for the Welsh language, supporting delivery of the forthcoming Bill.

**Milestone: support growth in the number of teachers in Wales who can teach Welsh or teach through the medium of Welsh by 2031.**

- 2.24 Funding is available within the Teacher Development and Support BEL to support the implementation of our Welsh in Education Workforce Plan. The total

funding available in 2024-25 is £8.15m with a further £2.57m transferred into the new Cymraeg 2050 (LAEG) BEL.

2.25 Approximately £4.3m will be prioritised to support the aims of the plan and will be mainly targeted at increasing the number of Welsh-medium teachers. Funding will be prioritised for the following activities:

- continuation of the primary to secondary conversion programme;
- continuation of the grants to schools to develop innovative solutions to addressing teacher shortages;
- funding to support the viability of Welsh A Level provision in schools and FE Colleges;
- the second year of the teacher retention bursary; and
- funding for CYDAG to support collaboration across Welsh-medium schools in a number of policy areas.

2.26 The Coleg Cymraeg Cenedlaethol will continue to allocate £0.150m from their grant, which is funded from the Welsh in Education BEL, in 2024-25 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.

2.27 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. This is funded from the ITE budget lines within the Teacher Development and Support BEL.

2.28 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.

2.29 Approximately £3.8m will be allocated within the Teacher Development and Support BEL in 2024-25 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. This has increased for 2024-25 to account for the higher cost of paying for supply cover to enable practitioners to engage with the courses.

2.30 Funding allocated to the National Centre for Learning Welsh also delivers access to free Welsh language lessons to all education practitioners. A 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](#). During 2024-25, the Centre will be developing new bespoke provision to meet the needs of the sector. For example, a pilot course for secondary teachers in English-medium schools with some Welsh will be developed to be delivered flexibly and a short on-line confidence / 'gloywi' course for those teaching in a range of settings. £0.5m will be allocated from the Teacher Development and Support BEL in 2024-25 to support this work.

2.31 In addition to the Sabbatical Scheme and provision via the National Centre, a total of £2.57m will be allocated to local authorities as part of the amalgamated Cymraeg 2050 strand of the LAEG in 2024-25 to support the delivery of teaching Welsh and through the medium of Welsh. The funding is used collaboratively to support the development of national professional learning resources and provision for example to support practitioners who have completed the sabbatical scheme courses to use their new skills back at school; to support teaching assistants to model language patterns with learners and to support headteachers to plan strategically for the development of Welsh in their schools.

2.32 In addition, £4.5m is allocated to local authorities as part of the Welsh in Education Grant (WEG), which was re-established in 2023-24 following discussions with local authorities. With 30% match funding from local authorities the total value of the WEG is £5.85m. The WEG supports the delivery of local authority Welsh in Education Strategic Plans in three key areas:

- support for latecomer and late immersion centres;
- support for linguistic progression and for Welsh-medium and bilingual schools, and
- support the development of Welsh in English-medium schools.

2.33 The WEG will continue in 2024-25 and will also be allocated as part of an amalgamated Cymraeg 2050 element of the LAEG to local authorities.

### 3. Specific Areas

#### 3.1 Updates on allocations in 2023-24 budget

***Information on the allocation of £3 million in 2023-4 and £1.5million in 2022-23 to the Coleg Cymraeg Cenedlaethol and National Centre for Learning Welsh to increase the amount of Welsh-medium delivery in the apprenticeship and further education sector, and to provide free Welsh language learning for 16 to 25-year-olds and teaching staff.***

3.1.1 The Programme for Government and our Co-operation Agreement with Plaid Cymru includes a commitment to invest in the Coleg, and the National Centre for Learning Welsh to provide free Welsh language learning for 16 to 25-year-olds and teaching staff. This additional funding builds on the existing core budget for the Coleg which supports Welsh-medium and bilingual delivery

across universities, FE colleges and training providers by providing grant funding together with training and mentoring to build teaching capacity.

The 2022-23 budget included an additional £1.5m allocated to the Coleg Cymraeg Cenedlaethol as follows:

- Post-16 education: £1,136,840
- Higher Education: £213,160
- Initial Teacher Training: £150,000

3.1.2 The additional allocation funded a programme of development grants to colleges and apprenticeship providers to develop capacity and provision in priority sectors, including childcare, health and social care, sports and leisure, and agriculture. In addition, the funding supported two specific projects to develop the confidence of students who are able to teach through Welsh, and to attract students back to Wales to teach through the medium of Welsh.

3.1.3 The budget for 2023-24 included a further £3m for the Coleg and the National Centre for Learning Welsh. From the additional £4.5m allocated for 2023-24, £2.825m was allocated to the Coleg and £1.675m for the National Centre.

3.1.4 For 2023-24, the Coleg is using its funding to continue to strengthen and support delivery in the leisure and sport, health and social care, childcare and agriculture sectors; as well as extending provision in the business and creative arts sectors. In the Apprenticeship sector, the Coleg continues to build capacity in health and social care and childcare sectors enabling more learners to speak Welsh and be confident bilingual speakers for the workplace. The funding is also supporting the continuation of two initial teacher education projects.

3.1.5 The £1.675m for the National Centre in 2023-24 is being used to extend provision for 16-25 year olds and the education workforce in order to provide free access to Welsh courses. As part of the offer, eligible learners aged 18 and over are also able to access the mainstream Learn Welsh courses in the community. To date in 2023/24, over 1,300 learners aged 16-25 are benefitting from the offer.

3.1.6 The National Centre began offering free courses for teachers and other workers in the education sector in September 2022 and the additional funding has enabled the Centre to extend this provision for 2023-24. Provisional data from the National Centre shows that 1,200 individuals accessed provision during the 2022/23 academic year, with over 1,000 having registered to date during 2023/24.

3.1.7 The Co-operation Agreement funding is being maintained at £4.5m for 2024-25. The provisional split in the budget for 2024-25 remains at £2.825m for the Coleg and £1.675m for the National Centre. Reprioritising £3.5m funding in this way for 2024-25 will allow us to protect core services that support our ambitions for *Cymraeg 2050*. In particular, we will be able to maintain funding linked to the Welsh Language Education Bill, Mudiad Meithrin and the Welsh in Education budget to support Welsh language delivery.

3.1.8 However, reprioritising funding may lead to the Coleg having to withdraw from some commitments made to FE Colleges and Apprenticeship providers. It may also result in a reduction in the numbers learning Welsh. We will work with the Coleg and the National Centre to explore options to mitigate the impact of this approach and support action to maintain Welsh-medium provision in priority sectors as well the provision of free courses for 16-25 year olds and the education workforce.

***Update on the distribution of £2.2m allocated (per annum) to expand Welsh language immersion provision across Wales and how this funding has been used by local authorities across Wales.***

3.1.9 The Programme for Government includes a commitment to expand the Pupil Immersion Programme. Since the investment of £2.2m in 2021-22 to support Welsh learners to undertake Welsh-medium late immersion in schools, eight local authorities have created new Welsh-medium late immersion provision (Blaenau Gwent, Bridgend, Caerphilly, Torfaen, Merthyr Tydfil, Neath Port Talbot, Powys) and other local authorities have expanded their existing late immersion programmes to meet the growing demand.

3.1.10 The continuation of funding of £2.2m in 2023-24 has ensured local authorities continue to develop their late immersion provision in their area. This has allowed them to:

- continue and develop their existing provision;
- open their first late immersion centres – Blaenau Gwent, Torfaen, Caerphilly and Neath Port Talbot;
- deliver provision such as 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 and Welsh-medium late immersion resources;
- develop innovative digital technologies to support learning, such as Gwynedd’s Virtual Reality (VR) digital resource project Aberwla 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.

3.1.11 The funding for 2024-25, which will transfer as part of the amalgamated grant to the Cymraeg 2050 strand of the LAEG, will allow local authorities to continue with their projects ensuring over 60 specialised late immersion teachers / classroom assistants are in post. It will also continue to support the roll out of Gwynedd’s VR project, Aberwla, across Wales over coming years.

***Details on take-up of the Iaith Athrawon Yfory incentive, and any impact evaluation information that could be shared.***

3.1.12 The table below shows the number of Initial Teacher Education students receiving the Iaith Athrawon Yfory incentive for 2018/19 to 2022/23 (as of 13 November 2023).

Academic Year:	2018/19	2019/20	2020/21	2021/22	2022/23
QTS Claims	60	95	130	105	75*
Induction Claims	45	80*	105*	65*	n/a
QTS Deadline	31/08/2020	31/08/2021	31/08/2022	31/08/2023	31/08/2024
Induction Deadline	31/08/2023	31/08/2024	31/08/2025	31/08/2026	31/08/2027
<b>Total Claimants</b>	60	95	130	105	73* STC

*\*This number may rise as the deadline has not yet passed. Numbers are rounded to the nearest 5.*

3.1.13 Only those claiming the first payment (QTS) are eligible for the second payment. Due to the time of year, no claims or payments have yet been made against the 2023-24 Scheme. Claimants that took ITE from 2018/19 to 2022/23 claim this incentive directly from the Welsh Government, as such the above table may not indicate actual levels of Welsh ITE Secondary student teacher recruitment.

3.1.14 Data pertaining to ITE recruitment, including Welsh-medium recruitment across phases and subjects, since academic year 2016/17 can be found in the annual [ITE statistical bulletin](#). Data on academic year 2022/23 will published in May 2024. We recently updated the [impact assessment](#) for the incentive scheme.

***Update on budget allocations from other parts of the Ministers portfolio, such as the Teacher Development and Support BEL in relation to how it is used to support the development of the Welsh language in the education sector.***

3.1.15 Funding is available within the Teacher Development and Support BEL to support the development of the Welsh language in the education workforce (see paragraphs 2.24-2.29).

3.1.16 Sufficient provision is being maintained as part of the Curriculum and Assessment BEL to continue development of bilingual Curriculum for Wales resources and supporting materials as needs are identified through practitioner engagement (and in advance of Adnodd adopting its commissioning and quality assurance functions). Alongside this, practitioners continue to support the review of all curriculum resources on the Hwb platform, which are now populating a dedicated Curriculum for Wales resources section. As the review has progressed, more and more bilingual resources are appearing in this section so that schools and settings can be assured of their quality and alignment to the Curriculum for Wales.

## 3.2 Welsh Language Commissioner

***Allocations and commentary in respect of the budget allocation for the Welsh Language Commissioner in 2024-25.***



- 3.2.1 As outlined in paragraph 3, a cross-government decision has resulted in a re-shaping of indicative spending allocations to provide extra funding and protection for the services which matter most to people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services. Spending more in some areas means that there is less to spend in other areas. This has led to a 5% budget reduction for all four statutory Commissioners in Wales, including the Welsh Language Commissioner. This takes the Welsh Language Commissioner’s revenue allocation for 2024-25 to £3.189m, a reduction of £0.168m. There are no changes to the Commissioner’s non-cash budget of £0.121m and £0.050m capital for 2024-25.
- 3.2.2 We will work with the Commissioner to manage the impact associated with this reduction. In the budget estimate for 2024-25, the Commissioner’s office highlighted the pressures of funding annual pay deals for staff and requested an additional £0.147m revenue to fund a projected 5% pay deal in 2024-25. Approximately £0.032m is due to an increase in employer contributions to the Civil Service Pension Scheme. The UK Government’s Autumn Statement on 22 November confirmed that additional funding would be provided to cover the estimated costs for pension schemes in Spring 2024. We expect that Wales will receive a consequential "Barnett share" of any additional funding allocated to UK Departments and further information will be provided as part of the First Supplementary Budget 2024-25.

### **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 The Welsh-medium capital budget is funded from 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 Initially, £46m of capital investment was approved during the first round of Welsh-medium capital funding in 2018. However, additional projects were approved following the original announcement which increased the approved investment for the first cycle from £46m to £74m.
- 3.3.3 A second tranche of funding totalling £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. This was 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 nine local authority areas with the remaining bids that met the criteria, but could not be supported due to available funds, placed on a reserve list.
- 3.3.5 During October 2022, additional Welsh-medium capital projects were approved. These projects listed at Annex B were on the reserve list from the second phase of Welsh-medium capital grant funding. Following a further review of the Welsh-medium capital grant reserve list, in July 2023, additional projects were approved in principle, subject to approval of a business case. These seven projects listed at Annex C total £14.540m.
- 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. The total investment since 2018 stands at nearly £129m.

## **Summary**

The budget as relevant to the Welsh language in the Education and Welsh Language MEG Draft Budget for 2024-25 is presented to the Committee for consideration.

**Jeremy Miles MS**  
**Minister for Education and Welsh Language**

## ANNEX A – WELSH LANGUAGE BUDGETS WITHIN THE EDUCATION AND WELSH LANGUAGE MEG FOR DRAFT BUDGET 2024-25, 2023-24 FORECASTS AND 2022-23 FINAL OUTTURN

### Resource budgets

Action	BEL Description	2022-23 Final Outturn	2023-24 Final Budget (Feb 2023)	2023-24 1st Supplementary Budget (June 2023)	2023-24 Forecast Outturn (Period 7)	2024-25 Indicative (Final Budget 2023-24 - Feb 2023)	2024-25 Reprioritised Funding	2024-25 Grant Amalgamation	2024-25 Other Changes	2024-25 Draft Budget (Dec 2023)
£000s										
Pre-16 Education Support via LA's	Cymraeg 2050 (LAEG)	0	0	0	0	0	0	9,770	0	9,770
<b>Total Pre-16 Education Support via LA's</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,770</b>	<b>0</b>	<b>9,770</b>
Welsh in Education	Welsh in Education	17,713	20,775	19,030	18,830	24,275	-3,500	-2,200	-1,675	16,900
<b>Total Welsh in Education</b>		<b>17,713</b>	<b>20,775</b>	<b>19,030</b>	<b>18,830</b>	<b>24,275</b>	<b>-3,500</b>	<b>-2,200</b>	<b>-1,675</b>	<b>16,900</b>
Welsh Language	Welsh Language	23,716	22,404	24,149	26,236	22,404	0	-500	1,675	23,579
	Welsh Language Commissioner	3,101	3,357	3,282	3,282	3,357	-168	0	0	3,189
	Welsh Language Commissioner - Non Cash	165	169	245	245	121	0	0	0	121
<b>Total Welsh Language</b>		<b>26,982</b>	<b>25,930</b>	<b>27,676</b>	<b>29,763</b>	<b>25,882</b>	<b>-168</b>	<b>-500</b>	<b>1,675</b>	<b>26,889</b>
<b>Welsh Language - TOTAL RESOURCE BUDGET</b>		<b>44,695</b>	<b>46,705</b>	<b>46,706</b>	<b>48,593</b>	<b>50,157</b>	<b>-3,668</b>	<b>7,070</b>	<b>0</b>	<b>53,559</b>

### Capital budgets

Action	BEL Description	2022-23 Final Outturn	2023-24 Final Budget (Feb 2023)	2023-24 1st Supplementary Budget (June 2023)	2023-24 Forecast Outturn (Period 7)	2024-25 Indicative (Final Budget 2023-24 - Feb 2023)	2024-25 Changes	2024-25 Draft Budget (Dec 2023)
£000s								
Welsh Language	Welsh Language Commissioner	242	50	50	50	50	0	50
<b>Total Welsh Language</b>		<b>242</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>50</b>
<b>Welsh Language - TOTAL CAPITAL BUDGET</b>		<b>242</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>50</b>

## ANNEX B – WELSH MEDIUM CAPITAL GRANT ALLOCATIONS – APPROVED OCTOBER 2022

Local Authority	Project	Capital	Status
1. Newport	Sports Hall for Ysgol Gyfun Gwent Is Coed	£3,334,919	Design development. Scheme amended and additional £1,866,410 funding approved.
2. Torfaen	3G Pitch for Ysgol Gyfun Gwynllyw	£1,650,000	Under construction
3. Cardiff	Ysgol Glantaf SRB Unit	£129,202	Complete
4. Cardiff	Ysgol Bro Edern refurbishment	£105,421	Complete
5. Cardiff	Plasmawr demountable unit and refurbishment	£1,148,620	Complete
6. Conwy	Cylch Meithrin Ysgol Bro Aled	£55,644	Complete
7. Anglesey	Ysgol Llanfawr childcare unit	£596,800	Complete
8. Anglesey	Ysgol y Graig childcare unit	£298,031	Complete
9. NPT	Ysgol Trebannws refurbishment	£460,000	Complete
10. NPT	Mynachlog Nedd refurbishment new seedling school	£550,000	Complete
11. Powys	Ysgol Pennant refurbishment and extension	£671,473	Under construction
		<b>£9,000,110</b>	

An additional project received delegated approval following the original announcement, namely £100,366 during 2022-23 to fund the creation of a pastoral hub at Ysgol Morgan Llwyd. This project was put forward for funding as part of the second phase of the Welsh Medium Capital Grant and was placed on the reserve list. In October 2022, it was identified as a project that could be delivered within the current financial year. A basic business case was submitted and £100,366 Welsh Government funding was agreed for 2022-23.

## ANNEX C – WELSH-MEDIUM CAPITAL GRANT ALLOCATION – APPROVED JULY 2023

<b>Local authority</b>	<b>Project</b>	<b>Capital</b>
1. Cardiff	Glantaf ALN – This project will enable 60 additional Welsh-medium places (30 ASD and 30 CLN)	£7,850,000
2. Denbighshire	Ysgol Bro Elwern – Build a new classroom and ancillary space at the school	£1,066,546
3. Denbighshire	Ysgol Bro Cinmeirch – 2 class extension	£1,359,164
4. Denbighshire	Ysgol Brynhyfryd – Increased capacity and immersion provision	£1,561,924
5. Denbighshire	Ysgol Tremeirchion – 2 class extension	£1,255,021
6. Denbighshire	Ysgol Henllan – 1 class extension	£558,341
7. Vale of Glamorgan	Ysgol Iolo Morgannwg – A self-contained unit to provide Welsh-medium immersion placements, as well as offering Welsh lessons for adults, particularly those living within the residential development.	£888,807
<b>Total</b>		<b>£14,539,803</b>

## Memorandum on the Climate Change Draft Budget Proposals for 2024-5

### Climate Change, Environment and Infrastructure Committee – 25<sup>th</sup> Jan 2024

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This paper provides information on the Climate Change budget proposals as outlined in the 2024-25 Draft Budget published on 19 December 2023. It also provides an update on specific areas of interest to the Committee.

### Strategic Context

The table below provides an overview of budgets for the Climate Change MEG published in the draft Budget 2024-25

CLIMATE CHANGE - SUMMARY	2023-24 Final Budget Feb 2023 Restated	2024-25 Indicative Final Budget Feb 2023 Restated	Budget Reductions / Allocations	2024-25 Changes	2024-25 Draft Budget December 2023
Resource	1,165,687	1,187,687	-78	28,398	1,216,007
Capital	1,766,278	1,665,393	0	-33,327	1,632,066
<b>Total Resource &amp; Capital</b>	<b>2,931,965</b>	<b>2,853,080</b>	<b>-78</b>	<b>-4,929</b>	<b>2,848,073</b>
Total AME	57,477	-60,295	0	-2,871	-63,166
<b>CLIMATE CHANGE - TOTAL BUDGET</b>	<b>2,989,442</b>	<b>2,792,785</b>	<b>-78</b>	<b>-7,800</b>	<b>2,784,907</b>

### Resource

The changes made from the 2024-25 Indicative Final Budget in Feb 2023 (restated to account for portfolio changes) are as follows:

£000	2024/25 Changes
Budget Reductions	(150,078)
Budget Allocations	150,000
Transfers from reserves	28,398
<b>Total</b>	<b>28,320</b>

The total budget allocation is represented by the pressure faced on rail services by Transport for Wales. Of the £150.078m of savings which fund, or reduce the pressure, only £116.278m relate to budget lines relevant to this committee and are as follows:

<b>Budget Expenditure Line (BEL)</b>		<b>£'000</b>
3770	Clean Energy	(5,400)
3771	Climate Change Action	(1,900)
1893	Marine Energy	(200)
2256	Planning & Regulation Expenditure	(100)
2230	Flood Risk Management & Water Policy Delivery	(8,500)
2232	Coal Tip Safety Delivery	(700)
2817	Environment Protection	(250)
2820	Local Places for Nature	(750)
2825	Biodiversity, Evidence and Plant Health	(1,500)
2827	Forestry	(2,715)
2451	Natural Resources Wales	(24,000)
2190	Resource Efficiency and Circular Economy	(3,000)
2195	Landfill Disposals Tax Communities Scheme	(1,000)
2832	Enabling Natural Resources and Wellbeing	(3,008)
2875	Marine Policy, Evidence and Funding	(250)
1885	Network Operations	(16,855)
1883	Aviation	(1,250)
1880	Bus Support	(150)
1895	Transport for Wales	(39,250)
1890	Rail Ancillary	(250)
2030	Sustainable and Active Travel	(5,250)
	<b>Total</b>	<b>(116,278)</b>

A number of the reprofiled funding changes are in areas where there was a planned uplift in the baseline funding for a programme, where a programme was coming to an end and where historic patterns of spend have suggested possible rescoping of funding with limited impacts. Changes to planned delivery timescales have also been considered, rather than lack of delivery, as well as alternative approaches to delivery.

The transfers from reserves are result of a capital to revenue swap with the Rural Affairs MEG that was approved as recurrent and first enacted in the 2023/24 first Supplementary Budget (£23m) and an additional allocation from reserves to manage the costs of the A465 MIM (£5.2m). These changes for budget lines relevant to this committee are summarised in the following table:

<b>Budget Expenditure Line (BEL)</b>		<b>£'000</b>
1893	Marine Energy	600
2451	Natural Resources Wales	17,450
2190	Resource Efficiency and Circular Economy	148
1884	Network Asset Management	5,200
2030	Sustainable and Active Travel	5,000
	<b>Total</b>	<b>28,398</b>

## Capital

The changes made from the 2024-25 Indicative Final Budget in Feb 2023 (restated to account for portfolio changes are as follows:

<b>£000</b>	<b>2024/25 Changes</b>
Budget Reductions	(37,327)
Budget Allocation from Reserves	27,000
Transfers to Reserves	(23,000)
<b>Total</b>	<b>(33,327)</b>

The transfers to reserves relate to the £23m capital to revenue swap described in the earlier Resource table showing allocation in reserves, the BEL analysis being as shown in the following table:

<b>Budget Expenditure Line (BEL)</b>		<b>£'000</b>
2820	Local Places for Nature	(4,710)
2190	Resource Efficiency and Circular Economy	(12,400)
2832	Enabling Natural Resources	(290)
1893	Marine Energy	(600)
2030	Sustainable and Active Travel	(5,000)
	<b>Total</b>	<b>(23,000)</b>

The £27m allocations from reserves represents Financial Transaction Capital allocations, £20m relates budget lines relevant to this committee, as follows:

<b>Budget Expenditure Line (BEL)</b>		<b>£'000</b>
2809	Welsh Government Energy Service	20,000

## **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:

Evidence continues to be gathered on the environmental impacts of problematic single-use products made from or containing plastic. This includes the Welsh Government participating in two UK wide consultations on proposals to introduce legislation to prohibit or restrict the use of plastic containing wet-wipes and single-use disposable e-cigarettes/ vapes). These exercises have allowed the Welsh Government to link into UK wide research and stakeholder engagement. This work is intended to continue to deliver on the Programme for Government to legislate to abolish more commonly littered single-use plastic items.

Underpinning the wider implementation of the Circular Economy Strategy is a range of evidence, including for example compositional analysis of waste streams to understand areas where recycling or prevention of waste could be improved (Compositional Analysis of Municipal Waste in Wales (2022) was published in July 2023); data on the performance and efficiency of Local Authority recycling and waste management operations, including measurement of the carbon impact of our recycling (Local authority municipal waste management April 2022 to March 2023 data was published on 7 December 2023); and evidence to support improved resource efficiency further up the waste hierarchy (for example surveys to provide insight into behaviours around re-use and repair and food waste) .

Our approach to deliver Net Zero Wales is focused around ensuring a just transition. To strengthen our approach, we published a call for evidence at the end of 2022. We were pleased we received 117 responses from a wide range of organisations including business, academia, third sector organisations, trade unions and community groups. A summary of the 117 responses was published in October and the information has helped to inform Welsh Government's approach to Just Transition. A consultation on our Just Transition Framework was published on 5 December 2023.

A key priority within net zero Wales has been the development of a heat strategy to set out how Wales will decarbonise heat of domestic and industrial buildings in Wales which will be essential to meet net zero. We launched our consultation on the Strategy in the summer and it closed on 8 November. The responses to that consultation will be analysed and published in a final strategy early in 2024.

Our work on energy planning has produced a granular evidence base in the hands of local authorities that will support prioritisation and development of projects across Wales that can deliver climate and economic benefits. This evidence can support policy development and delivery across the areas of heat, transport and the built environment and can leverage in external investment in energy networks.

Transport for Wales update and publish on our behalf monitoring and evaluation data 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. This is part of the broader work that the analytical unit in TfW carries out on our behalf to support the assessment of policies and schemes to deliver the Welsh Government's ambitions and statutory duties using bespoke data collection and synthesis and Wales-wide transport models.

### **Well-being of Future Generations Act**

My draft budget preparations show 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 the well-being of future generations goals and ways of working underpin the actions and their implementation. For example, on work to support the redistribution of surplus food to benefit families and communities, including those living in poverty; and the re-use and repair programmes and initiatives across Wales are supporting people to live more sustainably and reduce costs in the cost of living crisis, whilst also providing opportunities to acquire new skills.

### **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 strategic evidence and impacts that have supported our spending decisions.

## Budget Structure

### Summary of Budget Allocations and Changes

**A breakdown of the 2024-25 draft budget by Spending Programme Area (SPA), Action and Budget Expenditure Line (BEL), both revenue and capital, along with 2023-24 Final Budget allocations as a comparison. A narrative description of the policy areas funded through each BEL.**

Annex A provides the full BEL tables for the Climate Change portfolio as published as part of the draft budget.

### Responses to Specific Questions

#### Legislation

##### The Environmental Protection (Single-use Plastic Products) (Wales) Act 2023

Work continues on delivering the Welsh Government's Programme for Government commitment to legislate to abolish more commonly littered single-use plastic items. On 30 October 2023 the first phase of commencement of the products listed in Table 1, Schedule 1 of the Environmental Protection (Single-use Plastic Products) (Wales) Act 2023 (the Act) began. Work will continue during 2024/25 to commence the bans and restrictions on the remaining three products (plastic carrier bags, products made of oxo-degradable plastic and polystyrene lids for cups and food containers). The Act also identifies two priority products for further consideration with a joint UK wide consultation already undertaken in relation to plastic containing wet wipes. Evidence will also be sought in relation to sauce sachets. Wider legislative work will also be undertaken during 2024/25 in relation to disposable single-use vapes.

##### Development of legislation to support a Deposit Return Scheme and Extended Producer Responsibility

The draft budget provides for the work associated with the development of the legislation for extended producer responsibility scheme for packaging (EPR) and the deposit return scheme for drink containers (DRS). The EPR reforms are being taken forward on a UK wide basis, with extensive Welsh Government policy and legal services input. The DRS regulations will be made on a Wales only basis. (see further detail below – in response to request relating specifically to development and delivery of these schemes)

##### Delivery of Workplace Recycling Regulations

The draft budget provides for the work associated with the delivery of the Workplace Recycling Regulations that will come into force 6 April 2024, supporting activities required for successful implementation, regulation and monitoring of the new requirements. Evidence will also be gathered and reviewed with regards to the future phasing in of the requirement to separate out additional materials such as all textiles, small electricals and flexible plastics for recycling.

### The proposed Disused Tips (Mines and Quarries) 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. Whilst it is not anticipated that the body will go live during this financial year, the budget for 2024-25 also includes funds for a Welsh Government team to establish the new public body.

A full Regulatory Impact Assessment is near completed as required prior to the introduction of the Disused Tips (Mines and Quarries) 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 have been built into this work.

### The Environment (Air Quality and Soundscapes)(Wales) Bill

The Bill was passed by the Senedd at the end of November. It is currently awaiting Royal Assent. It's provisions include: strengthening the Welsh Ministers' powers to set air quality targets; placing duties on Welsh Ministers to promote awareness of air pollution and ways of reducing or limiting air pollution; strengthening the legislative framework for local air quality management and the national air quality strategy; enhancing smoke control legislation; extending Welsh Ministers' existing powers in relation to road user charging and vehicle idling, and placing a new duty on Welsh Ministers to prepare and publish a national soundscapes strategy.

The Noise and Soundscape Plan for Wales 2023-2028 published on 4 December 2023 will discharge the Welsh Ministers' obligation under the Bill to prepare and publish a strategy containing their policies with respect to the assessment, management and design of soundscapes in Wales. In light of the current constraints and pressures on public finances, this first national strategy on soundscapes neither announces significant new government spending nor assigns costly actions to other public bodies. Rather it seeks to maximise opportunities for better, more integrated decision-making across all relevant policy areas and organisations, to achieve appropriate soundscapes going forward.

An Explanatory Memorandum, including a Regulatory Impact Assessment, was published when the Bill was introduced and has been updated throughout the scrutiny process. The Regulatory Impact Assessment sets out the estimated costs and benefits of the Bill's provisions.

The Bill has been developed during a time of fiscal challenge. This challenging fiscal context is likely to remain ongoing. Specific funding will support implementation of the Bill, including for the new duty relating to promoting awareness of air pollution. As set out by both the Minister for Climate Change and the Deputy Minister for Climate Change during the Bill scrutiny process, we will need to make important evidence-based decisions regarding the scale and timing of the implementation of some of the secondary legislation that arises from the provisions of the Bill. For example, for the new air quality targets and associated monitoring arrangements, the Regulatory

Impact Assessment contains ranges of costs. Decisions will need to be made in the context of spending plans for future budget rounds, whilst complying with the time limits set out in the Bill for the making of certain regulations.

### Bill on Environmental Governance and Biodiversity Targets

A white paper is due to be launched for the EG&BT bill in January 2024. A draft Regulatory Impact Assessment is currently in development to accompany the white paper. This will provide initial estimated costings which will cover the establishment of a new environmental governance body for Wales as well as the implications for imposing new statutory targets on both the Welsh Ministers and wider Welsh public bodies. The full financial impact of these proposals is not expected until after the Bill has been passed by the Senedd, which would likely mean FY 2026-27

## 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 currently being refreshed to align with the targets and goals set out in the new Global Biodiversity Framework as well as defining actions required to deliver our proposed domestic statutory targets.

The National Sites Network will benefit from funding through the continued delivery of our Nature Networks Programme (NNP) in 24/25 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 National Lottery Heritage Fund incorporating the recommendations and actions resulting from the biodiversity deep dive.

#### Local Places for Nature

The Local Places for Nature Programme is currently in its fourth year of delivery, with indicative funding of £35.4M capital and £8.9M revenue allocated for a further two years. £19.7m capital and £2.95m revenue has been allocated after budget review which includes a cut of £750k revenue and £4.71M capital for 2024-25. Even with these reductions funding levels have moderately increased for the programme over the next 2 years to support the improved expansion of LPfN schemes within communities and to help fund more capital projects on the ground. One notable impact of the reprioritisation of funding is the pausing of the Breaking Barriers scheme managed by National Lottery Heritage Fund. Note these figures are not including Biodiversity and Marine Coastal elements also undertaken by the LPfN programme but funded under different BELs

The programme has been very successful in its first three years, with achievements summarised below. A total programme expenditure of £11.4m was achieved last year.

Table 1 – Highlight Outputs for LPfN Programme 2020-2023.

<b>Highlight Output</b>	<b>Totals 2020/21 - 2022/23</b>
Green Spaces Created or significantly enhanced	1951
Wildlife meadows and verges with new mowing practices	730
Community orchards created	407
Community growing projects	521
Volunteers Involved	12343
Trees planted (urban, small dense woodland, verges, parkland)	210 hectares approximate

All Programme for Government targeted measures for ‘the creation of Green Spaces’ are now projected to be deliverable by Local Places for Nature alone, with many being exceeded by the end of the programme. 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.

Programme delivery is fully underway this year with all schemes now up and running already committing £17.1m to the programme delivery this year. Welsh Government are on target to deliver the current programme but it is no longer viable to upscale the programme as anticipated due to recent budget review exercise that has led to reprioritisation of uncommitted funds. Approximately £480k of Revenue funding (13% of budget) and £1M Capital funding has been ‘released’ from the BEL to the wider MEG. The key schemes to have been affected are the National Lottery Heritage Scheme manages capital Grant and Breaking Barriers schemes

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 was amalgamated into the LPfN Local Nature Partnership Scheme for the newly procured scheme management contract.

This programme is highly adaptable to cross departmental working. The previous pilot scheme in 2022/23 for increasing Marine and Coastal Capacity, (*Marine and Coastal Partnership Scheme*) was facilitated through the Local Places for Nature Programme. The success of the pilot has led to a standalone scheme being funded and procured as a cross departmental collaborative scheme (*Marine and Coastal Capacity*) for 2023-2025.

#### 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 continue to 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 attended COP15 in December 2022. We committed to and are working towards developing and bringing forward legislation to set in law nature targets in Wales to drive our future action – funding will be required to support the technical development of these targets to be set in secondary legislation (as outlined above). Our key strategies such as the Natural Resources Policy and Nature Recovery Action Plan are being refreshed in readiness for COP16 in December 2024 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

### **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 Programme**

The draft budget allocates [£6.4m] revenue and [£8.3m] capital for forestry. There is a reduction of £2.7m revenue and 1m capital against previous plans. This reprioritisation has been achieved by re-profiling planned work on the public access and trails within the National Forest prioritising activities which need to be undertaken now and delaying those that can start in future years.

The budget will continue to support the ongoing development of the National Forest, we will use the slower roll-out of access work to facilitate more woodland joining the programme. We will continue providing funding through The Woodland Investment Grant to help create new woodlands and enhance existing ones.

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, supported by a woodland verification team in NRW to help ensure that where planting is being funded, it is properly planned and appropriate.

### **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.

NRW recently submitted the Section 18 report to the Welsh Minister for Climate Change outlining progress made in implementing the Welsh Government's National Strategy for Flood and Coastal Erosion Risk Management.

The factual report is compiled from information provided by the RMAs operating in Wales, and outlines the progress against the 24 measures:

- 13 measures are already complete, although 7 of those require related ongoing activities to continue and 4 require the consideration of next steps. 9 are underway, with 5 of those measures behind target and 2 remain yet to start or are on hold.

The report shows that good progress has been made in delivering the measures and consequently the objectives within the Strategy. However, there are several areas of work that remain underway or not yet started and there is clearly key further work to be completed in the coming year.

Our Programme for Government (PfG) includes a commitment to fund additional flood protection for more than 45,000 homes this Senedd term. Last year we agreed a three-year capital budget totalling £102 million to allow us to better plan our investment from 2022/3 to 2024/5 to support at-risk communities. This year 2023/4, we allocated a record £75 million of capital and revenue funding for the Flood and Coastal Risk Management Programme, our highest investment in a single year to date.

Our Coastal Risk Management Programme (CRMP) will draw to a close this year with all 15 schemes to commence construction by March 2024. The scheme will invest over £200m in key coastal infrastructure and reduce the risk from flooding and/or coastal erosion to over 15,200 homes and businesses. This will help deliver almost 35% of the PfG commitment to fund additional flood protection for more than 45,000 homes.

### **Water Quality, including support for the Better River Quality Taskforce**

Water quality is under pressure from various threats. The main causes of failure under the Water Framework Directive (WFD) in Wales are attributed to the agriculture sector, mining and quarrying (including pollution from abandoned metal mines), the transport sector, urban pollution and water industry discharges. It is necessary that an integrated cross-sectoral approach is developed and implemented across Wales to ensure long term water quality improvement. Recognising these multiple pressures, we have committed to provide over £40 million of additional funding between 2022-23 and 2024-25 to address water quality challenges across Wales. In 2023-4 we have also provided NRW with £15 million capital grant funding to improve compliance with Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 and related legislation which will deliver water quality improvements.

One of our Programme for Government commitments is to begin designating inland bathing waters sites, following the successes of our coastal bathing waters. We have boosted capacity in NRW by funding a post dedicated specialist Water Quality Policy advisor to lead on the implementation of this PfG commitment to begin designating inland bathing waters.

This year we have also made available up to £1.1 million funding to our Nutrient Management Boards to support the delivery of priority actions in failing Special Area of Conservation (SAC) river catchments, taking our total contribution to £1.5 million to date. This work forms part of the wider River Pollution Summit process with all key sectors, which are designed to drive our approach to addressing phosphorus pollution in failing SAC rivers in Wales. Our most recent summit was on 30 November and the next Summit will be hosted by Natural Resources Wales in March 2024.

In 2022 the Better River Quality Taskforce was established to evaluate the current approach to the management and regulation of overflows in Wales and to set out detailed plans to drive rapid change and improvement. Welsh Government are members alongside Natural Resources Wales, the water companies, Ofwat, industry stakeholders providing independent challenge from a stakeholder and consumer perspective. In October 2023 the Taskforce published the Storm Overflow Evidence for Wales (SOEfW) Report under its Environmental Regulation of Overflows Action Plan. The report does not contain recommendations, rather it compares the costs and benefits of different policy options in the regulation of Combined Storm Overflows (CSOs). The Taskforce is carefully considering the options and their cost implications to develop an achievable and affordable programme to prevent ecological harm in Wales' waterways.

### **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 proposed 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. Furthermore, budget is expected to be allocated for actions arising from the publication of the Seabird Conservation Strategy for Wales next year.

### **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**

The Committee is aware of my intent to close NRW's funding gap on a permanent basis.

Informed by the findings of NRW's baseline review and reprofiling budgets within my MEG, I was pleased to inform the Committee in April I had agreed to provide NRW with a further £18.2m to draw upon in 2023-24, which included £950K allowing NRW to deliver recommendations arising from the end-to-end review of Marine Licensing.

It has been my intention, as part of the 2024-25 draft budget exercise, to baseline the £18.2m uplift to NRW's budget allocation. Tough decisions are still needed, and these will be made in consultation with NRW.

My officials continue to work closely with NRW to ensure the resources they have available are both commensurate to their needs 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 October NICW published its report on renewable energy. This involved bringing together 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. The report contained 11 recommendations for the Welsh Government which we are currently considering. Commissioners Aleen Khan and Nick Tune led 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.

Research work is currently in progress to inform the project. The four workstreams concern developing a vision for flood resilience for 2050; examining the effectiveness of catchment planning; resources; and land use planning. A Project Advisory Group of technical experts is helping to guide this work. Commissioners Eurgain Powell and Eluned Parrott are leading on this work and a report is due to be delivered to the Welsh Government by Autumn 2024.

Scoping for the proposed 2024/25 project on communicating the threat of Climate Change to communities is currently underway. This will examine how communities can be engaged in conversations about their futures in a time of global uncertainty and how inequalities in this area can be reduced. Commissioners Helen Armstrong and Steve Brooks are leading on this work.

### **Natural Resources Wales (NRW)'s 'funding gap'**

The 'funding gap' was resolved by a recurring baseline allocation in the first supplementary budget of 2023/24.

### **Climate change, energy and energy efficiency**

#### **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.

We launched the Warm Homes Programme in 2011. Since its launch, over 198,000 people have received energy efficiency advice through the service. We have extended the Nest scheme to April 2024 to ensure a continued service and make sure there is support to households struggling with the cost of energy this winter.

The new Warm Homes Programme will continue to act as our primary mechanism to tackle fuel poverty. We will take a fabric, worst, and low carbon first approach, delivering measures to improve the energy efficiency of the least thermally efficient low-income households in Wales. In June 2023 I announced the details of the new scheme and published the invitation to tender in August 2023. Officials are currently carrying out the final stages of the procurement exercise and I remain confident that the new scheme will be mobilised by April 2024, without a break in service to customers. The new demand-led scheme is worth £250m over seven years and is structured around three elements: an advice service, provision of energy efficiency measures, and quality assurance.

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).

Our stated approach is to start with social housing, before moving to other tenures as social housing 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.

The ORP also supports the Leasing Scheme Wales programme to provide support to landlords entering the scheme with additional funding to improve the decarbonisation of those privately rented homes.

For the optimised retrofit programme (ORP), the investment in social homes is targeted to be over £280m over the term of government (with circa £120mm invested to date) towards the retrofit of over 13,000 homes so far.

For the financial year 2024/25 £70m has been allocated to social landlords to undertake retrofit activities in line with ORP with a further £18m allocated to support implementation of the new WHQS standard that was launched in October 2023.

The ORP investment sits alongside MRA funding and Dowry funding (for LAs and large-scale voluntary transfers (LSVTs)) of an additional £108 million per annum which contributes to the achievement of WHQS and ongoing maintenance and leverages considerable funding from local authorities and LSVT partners (35% from WG funding sources while the sector put in around 65%).

The new WHQS 2023 standard builds on the excellent achievements of its predecessor. The new standard keeps anti-poverty requirements at its heart and is intended to improve energy efficiency, with the aim of supporting tenant's comfort and well-being. The standard creates certainty which, in turn, will help drive up efficiency whilst driving down costs. This will ultimately enable us to go further faster, and importantly help to develop the knowledge, skills and supply chains needed to service both the social housing stock and the private housing sector.

### **Delivery of renewable energy and public sector energy efficiency programmes, including funding for the Welsh Government 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.

To date, projects supported by the Welsh Government Energy Service are expected to generate more than £320m through savings and power generation.

During 2018-2023, the Energy Service has supported nearly 300 projects which range from new installed renewables, to advancing energy efficiency work and zero emission vehicle fleet replacements. The renewable energy projects alone have introduced 40.5MW of new capacity, equivalent to enough electricity to power 16,000 homes.

A total of £169.8 million has been invested in projects across 67 organisations, including health boards, local authorities, national parks and colleges. The projects ranged from LED streetlamp installations to low carbon heat solutions. The support will save 695,000 tonnes of CO2 over their lifetime.

The Energy Service is a key enabler to the public sector to deliver the collective ambition of a net zero public sector by 2030. Given the success of the Service, as recognised by Audit Wales and public Bodies in Wales, the Welsh Government has put in place a new contract to replace the previous one which ended in March 2023. This provides continuity of service delivery for public sector and community-led organisations across Wales.

### **Monitoring progress and Supporting Decarbonisation Action Plans**

Our ambition is for the public sector to be collectively net zero by 2030, a key policy established in the Net Zero Wales plan

The reporting of emissions annually by public bodies in Wales is an important part of achieving that ambition, by helping to shape our actions and priorities. In May 2021 the Welsh Government published the Welsh Public Sector Net Zero Reporting Guide, a universal guide for use by Welsh public bodies to estimate baseline emissions. These emissions cover buildings, transport, waste, supply chain and land use.

The annual public sector carbon emissions report is a key way of tracking carbon emissions across the public sector in Wales. We are pleased that we have had a 100% response rate from 71 public sector organisations for the 2022/23 financial year. This included Local Authorities, Health boards, and Universities. This is a very impressive response especially given that reporting is voluntary demonstrates the commitment from across the Welsh public sector to achieve our ambition of a collective net zero public sector by 2030.

We are working with our contractor, the Carbon Trust to process the data and compile the data set for the pan Wales report.

Analysis of the data for the public sector is published on Welsh Government website each year.

The data collected helps us understand the carbon emissions across the public sector and track progress towards our 2030 collective ambition and also assist organisations from across the public sector to refine their decarbonisation plans and focus their resources.

Welsh Government are continually using the data to evidence future workstreams and policies to help us understand where to focus support for the public sector to decarbonise such as the Local Authority Low Carbon Heat Grant in conjunction with the Local Government Minister supporting 34 buildings (26 Schools, 3 offices, 1 leisure centre, 2 care homes, 2 other – inc. Newport Wellbeing centre in conjunction with the transforming Towns team) across 11 Local Authorities in round 1. A second round is also currently in place for projects up to 2025.

## **Renewable Energy**

We have published new renewable energy targets to scale up the generation of renewable energy in Wales to fully meet our needs by 2035. We remain committed to ensuring that Wales benefits from this new generation and we have a target for 1.5GW of new generation to be locally owned by 2035. Our guidance on how local ownership models can work in Wales will support the discussions between communities and developers to achieve this aim. We continue to prioritise resources within the clean energy BEL to implement the recommendations of the Renewable Energy Deep Dive working in partnership with key shareholders, delivery partners and the energy sector to implement the recommendation.

The budget allocation to clean energy will allow us to continue the programme of energy planning, supporting the four Regional Energy Strategies to deliver by providing detailed evidence of opportunities to decarbonise power use, heat in buildings, and transport. The small teams established in each region will work collaboratively with local authorities and business to identify and prioritise projects and access support from the Welsh Government Energy Service to turn these into investment opportunities.

The budget also supports the establishment in spring of Trydan Gwyrdd Cymru, the publicly owned developer which will develop large scale wind projects on public land in Wales, for the benefit of Welsh people. The company will become established and consult with people on the initial potential project locations over the next year.

## **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. Ynni Cymru was launched in August 2023 and work continues to develop the delivery functions of Ynni Cymru to support the delivery of Smart Local Energy systems. A small team has been recruited to lead the delivery of Ynni Cymru to work with the community energy sector to scale up the delivery of renewable energy in Wales in a way that retains value within our communities. A business case is being developed in partnership with key stakeholders in Wales. To support the building of capacity and capability within the community Energy Sector in Wales £938,680 resource grant funding has been made available to 10 projects in Wales.

## Transport

### **Delivery of the 20mph speed limits policy, particularly details of any ongoing costs / allocations**

The approach is set out in the [Written Statement on Supporting highway authorities with the implementation of 20mph \(25 October 2023\)](#) and budget allocations will be subject to the cost estimates arising from this.

### **Delivery of the rail franchise and the Welsh Government's rail infrastructure priorities**

The revenue and capital funding allocated allows for the delivery of the Wales and Borders Rail franchise by TfW on behalf of Welsh Ministers. As part of this TfW will continue delivering on our Programme for Government commitments. They will finish the delivering the brand new rolling stock which is already providing new, faster, and more comfortable trains as well as increasing the resilience of the services which are operated by the rail franchise thus improving performance for customers. Our continued investment in the Core Valley Transformation Project will deliver a truly modern rail network, that operates 100% clean electric trains on the infrastructure we own. It will change the way people travel by improving journey times and service frequency, encouraging more people to use the railways. Furthermore the investment makes a significant contribution to our PfG commitment to make the public transport system more accessible to disabled people by ensuring stations have step free access and improved access on the new rolling stock.

### **Delivery of the North East Wales, South West Wales and South East Wales Metros**

We will transition our metro programmes to an integrated regional transport approach. The progress made on the metro programmes to date will form a basis on which the Corporate Joint Committees (CJCs) can build as they develop new regional transport plans over 2024-25. In North Wales, this will also be informed by the North Wales Transport Commission recommendations. The Transport for Wales regional teams covering North, Mid, South West and South East Wales will support the CJCs as they develop the plans.

As part of this work, TfW will continue to develop strategically important projects across Wales which will help us achieve the mode shift needed to meet our Net Zero Wales targets. These will support the development of infrastructure enhancements, service design, digital, data and behavioural change initiatives in bus, rail and active travel that maximise modal shift.

**The development of Transport for Wales – including an update on the work done to improve TfW's budget process following our report on the 2023-24 draft budget, and a breakdown of TfW's full budget allocation for 2024-25, itemising its corporate budget alongside allocations for delivery of specific programmes as well as rail franchise commitments**



Following on from the action we took in October to help manage pressures in maintaining rail operations this year, the £125m announced in October that was needed to maintain rail operations across Wales has been baselined. As was outlined in October, these pressures have been caused by the ongoing impact the pandemic has had on the ambitious revenue projections from the original KeolisAmey bid in 2018 alongside some operational costs having increased as a result of inflation.

Without this funding, Transport for Wales (TfW) would not have been able to maintain the continued operation of all its rail services. The significant investments already made into rail across Wales would have been put at risk without the additional funding provided in the revised spending plans. The wider package of investment will also help to grow demand and increase revenue income significantly over the coming years. Like all public services in Wales this will mean tough choices to live within this settlement. In response to these inflationary pressures, TfW will also need to increase rail fares to help close the gap and ensure sustainability going forwards. We are continuing to work with TfW to make savings and to minimise the gap between income and costs.

TfW submitted the first draft of their budget to the Welsh Government earlier this year in the summer much earlier than in previous years in order to inform the draft budget. This has been invaluable in this budget round in ensuring that there was a common understanding of costs for next year.

Since its submission, officials have held a number of challenge sessions focussing on specific areas where further detail was required including bus, active travel, headcount, and active travel in order to offer policy leads and budget holders the opportunity to interrogate the forecasts and inform future iterations. This has resulted in a reduction in central costs of £1.4m and a reduction in the rail support of £5m offset by an increased farebox income from rail.

TfW have been challenged to look creatively at rail fares and not apply a blanket increase but to create a basket of fares based on usage patterns and the outputs of their impact assessments. This could include lower fare rises on certain routes or for certain groups (eg those holding disability or youth travel cards).

The next version of the forecasts were due to be available in December. However, there may some delay in order take account of the Welsh Government's draft budget which has been especially challenging this year. As a result of the timescales to finalise the budget, it is unlikely that we will be in a position to publish TfW's budget in time for scrutiny in January. However, an itemised version of their budget will be published alongside next financial year's funding letter.

### **Investment in the trunk road and motorway network and how these have been shaped by the new roads policy statement / the outcome of the roads review**

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 13<sup>th</sup> July the Deputy Minister for Climate Change set out in a written statement the response to the independent Lugg Review of the annual maintenance programmes on the Strategic Road Network (SRN) which took into account the Road Review's panel report 'The Future of Road Investment in Wales' and our response including the National Transport Delivery Plan 2022-2027.

We are therefore progressing to adopt a new approach to road maintenance and by also implementing the recommendations of the independent review, this will maximise the delivery of our policies and minimise and adapt to the adverse effects of climate change and enhance biodiversity within the challenging budget environment.

We are developing a Major Asset Renewal programme with a 5 to 10 year timescales which can be adjusted to match funding availability. This will ensure when we invest in maintenance the work will be designed in a way which reflects the "function" or "character" of the route and will maximise every opportunity to:

- Deliver modal shift to more sustainable forms of transport, reflecting the transport hierarchy in the Wales Transport Strategy;
- Provide a net benefit for biodiversity and enhanced ecosystem resilience;
- Improve the resilience of the network and its surroundings to the effects of climate change;
- Minimise pollution, including air, noise, water, and land; and
- WG will apply the carbon reduction hierarchy when maintaining and operating the SRN in line with PAS 2080 – Carbon management in infrastructure.

In future we will not assume like for like replacement of infrastructure. Instead, asset renewal will be treated as an opportunity to reconsider the underlying purpose of the road in question taking into account the Wales Transport Strategy and the four road building tests set out in our response to the Roads Review.

The Lugg recommendations identified that the Trunk Road Maintenance Manual (TRMM) should be revised and move to a risk-based system of inspection and repair and be aligned with the Asset Management Policy and Strategy.

TRMM sets out the Welsh Government's requirements of the Trunk Road Agents by defining the standards to which the SRN should be inspected and maintained. This includes minimum annual cyclic routine inspection and maintenance activities required to ensure the day-to-day safety and serviceability of the SRN for all modes of travel.

In line with the Lugg recommendations, a revised TRMM was co-developed between Welsh Government officials and the trunk road agents and implemented in May 2023. Key changes include reviewing all sections of maintenance alongside the Design Manual for Roads, including sections for decarbonisation and revising the manual with the changes that have occurred since 2016 when it was last updated.

Assets such as structures are already being managed using a risk-based approach and further work is currently being undertaken to move to a risk approach across all other

assets. These changes will be addressed in further annual iterations of the TRMM, which would likely benefit from independent challenge.

There will be an emphasis and drive with the development of the revenue activities to:

- (1) optimise spend and work towards achieving best value for both carbon and cost;
- (2) look wherever possible to use the opportunity of maintenance spend to support modal shift (for example, maintaining an active travel route with a local authority alongside any proximate work on the SRN).

In the development and subsequent publication (October 2023) of *Llwybr Newydd i Natur*, our Nature Recovery Action Plan for the Strategic Road Network, we have taken into account the core principles and new approach set out in the Road Review panel's report and recommendations to maintain and enhance biodiversity, and increase ecosystem resilience through transport operations and infrastructure projects.

*Llwybr Newydd i Natur* brings to the forefront how we think about, plan for, and deliver for nature, driving a step change in our work for biodiversity and ecosystem resilience on the Network estate across Wales.

It will embed actions to protect and enhance nature as a core principle of every aspect of our work, strengthening the requirements for biodiversity improvement measures in our road infrastructure schemes; and delivering an ambitious programme of nature recovery projects on our existing network, funded through our capital programme.

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.

**Delivery of active travel policy, including a summary of planned activity and a table detailing total and per capita allocations for active travel for 2024-25, compared with each of the preceding three years. Revenue and capital allocations should be clear and broken down by individual funding stream.**

Over the last year we have started addressing many of the recommendations made by the Cross-Party Group on the Active Travel Act in their review of the Act as well as other actions to strengthen the delivery framework for active travel nationally and at the local level. This has seen the restructuring of the Active Travel Board with the appointment of independent members and a strengthened scrutiny as well as public facing role. Transport for Wales have developed a route prioritisation tool and delivered the first tranche of tailored active travel training to officers across Wales.

Over 2024-25 we will continue to focus our efforts on further broadening the range and depth of support and tools available for local authorities in the delivery of their Active Travel Networks as well as building central expertise within Transport for Wales and trial new delivery approaches in collaboration with local authorities. A particular focus will be on more effective promotion of active travel, including the development of guidance for local authorities on their new duty to promote active travel as a way of reducing or limiting air pollution as a result of the new Air Quality and Soundscapes Act. Monitoring is another area where we will further step up work together with partners to improve consistency of practice.

Active travel continues to be a focus for capital 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 in 2022. 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.

Capital investment will be complemented by a small number of targeted revenue activities. Our main focus for 2024-25, in line with recommendations made by the Cross Party Group and the Active Travel Board is to continue and improve support for interventions that increase active travel to school, which are typically delivered by third sector partners.

**Support for bus and community transport services, including a summary of planned activity and a table detailing total and per capita allocations for 2024-25 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.**

We will continue to provide revenue support to the bus industry in 2024-25. In the past financial year we have provided direct post-covid revenue support to bus operators under the guise of the Bus Emergency Scheme and the Bus Transition Fund. In 2024-25 we will establish the Bus Network Support Grant, funding local authorities to secure the services they deem socially necessary. This funding scheme will sit alongside the longstanding Bus Services Support Grant. We will continue to provide funding to Transport for Wales for preparatory work for franchising, the management of our TrawsCymru network, Fflecsi services, the provision of timetable information through

Traveline Cymru.

REVISED				
Total per capita				
Bus Revenue support - 2021-22 to 2024-25				
	2021-22	2022-23	2023-24	2024-25
Mid-year population estimate Wales*	3,107,500	3,105,000	3,105,000	3,105,000
Bus Users UK Cymru Grant	289,457	217,000	217,000	-
School Transport	10,000	10,000	10,000	-
<b>BUS REVENUE SUPPORT</b>	<b>1,061,818</b>	<b>677,000</b>	<b>399,000</b>	<b>-</b>
Bus Ancillary	-	-	-	2,396,000
Community Transport Association - Core Funding	285,482	285,482	193,000	-
Bus Services Support Grant	25,000,000	25,000,000	25,000,000	25,000,000
Bus Revenue Support - Traws Cymru	3,159,745	3,159,745		-
TfW Support		178,000	9,459,000	9,459,000
Traveline Cymru	998,616	998,616	-	-
Concessionary fares	62,595,259	60,482,000	58,209,000	45,482,000
Youth Discounted Travel	1,999,969	2,000,000	2,000,000	2,000,000
Bus Emergency Scheme COVID	59,099,546	28,000,000	28,000,000	39,000,000
<b>Total</b>	<b>154,499,892</b>	<b>121,007,843</b>	<b>123,487,000</b>	<b>123,337,000</b>
<b>Total per capita</b>	<b>£49.72</b>	<b>£38.97</b>	<b>£39.77</b>	<b>£39.72</b>

### 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 schemes to improve bus journey times and to help deliver Regional Transport Plans.

We will take forward the Programme for Government commitment to modernise transport grants as we transition towards a regional approach and the CJsCs develop regional transport plans.

# Annex A

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## **BEL tables for the Climate Change portfolio as published as part of the Welsh Government Detailed Draft Budget Proposals 2024-25**

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CLIMATE CHANGE					
SUMMARY	2023-24	2024-25			
	2023-24 Final Budget February 2023 Restated	2024-25 Indicative Final Budget February 2023 Restated	Revisions to the 2024-25 Indicative Allocations	Other Changes	2024-25 Draft Budget December 2023
	£000s	£000s	£000s	£000s	£000s
Resource	1,165,687	1,187,687	(78)	28,398	1,216,007
Capital	1,766,278	1,665,393	(37,330)	4,003	1,632,066
<b>TOTAL RESOURCE AND CAPITAL (Excluding AME)</b>	<b>2,931,965</b>	<b>2,853,080</b>	<b>(37,408)</b>	<b>32,401</b>	<b>2,848,073</b>
Resource AME	57,477	(60,295)	-	(2,871)	(63,166)
Capital AME	-	-	-	-	-
<b>TOTAL AME</b>	<b>57,477</b>	<b>(60,295)</b>	<b>-</b>	<b>(2,871)</b>	<b>(63,166)</b>
<b>TOTAL CLIMATE CHANGE</b>	<b>2,989,442</b>	<b>2,792,785</b>	<b>(37,408)</b>	<b>29,530</b>	<b>2,784,907</b>

CLIMATE CHANGE							
RESOURCE							
Budget Expenditure Line	2023-24 Final Budget February 2023 Restated	2024-25 Indicative Final Budget February 2023 Restated	Revisions to the 2024-25 Indicative Allocations	MEG to MEG Transfers	Transfers Within MEG	Allocations to / from Reserves	2024-25 Draft Budget December 2023
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Environment Legislation, Governance and Communications	226	226	-	-	-	-	226
<b>Action: Develop and deliver overarching policy and programmes on sustainable development and natural resource management</b>	<b>226</b>	<b>226</b>	-	-	-	-	<b>226</b>
Fuel Poverty Programme	4,370	4,370	-	-	-	-	4,370
<b>Action: Fuel Poverty Programme</b>	<b>4,370</b>	<b>4,370</b>	-	-	-	-	<b>4,370</b>
Welsh Government Energy Service	3,970	3,970	-	-	-	-	3,970
Environment Protection	6,200	6,650	(250)	-	-	-	6,400
Clean Energy	9,767	10,767	(5,400)	-	(2,470)	-	2,897
Climate Change Action	4,486	5,486	(1,900)	-	-	-	3,586
Ynni Cymru	-	-	-	-	2,470	-	2,470
Marine Energy	-	-	(200)	-	-	600	400
<b>Action: Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection</b>	<b>24,423</b>	<b>26,873</b>	<b>(7,750)</b>	-	-	<b>600</b>	<b>19,723</b>
Flood Risk Management & Water Policy Delivery	43,840	52,390	(8,500)	-	(25,000)	-	18,890
Coal Tip Safety Delivery	4,000	4,500	(700)	-	-	-	3,800
<b>Action: Develop and implement flood and coastal risk, water and sewage policy and legislation</b>	<b>47,840</b>	<b>56,890</b>	<b>(9,200)</b>	-	<b>(25,000)</b>	-	<b>22,690</b>
Landfill Disposals Tax Communities Scheme	1,500	1,500	(1,000)	-	-	-	500
Enabling Natural Resources	3,008	3,008	(3,008)	-	-	-	-
Biodiversity, Evidence and Plant Health	13,521	13,349	(1,500)	-	-	-	11,849
Forestry	5,320	9,151	(2,715)	-	-	-	6,436
Forestry - Non cash	83	83	-	-	-	-	83
Local Places for Nature	3,400	3,700	(750)	-	-	-	2,950
Environment Act Implementation	849	890	-	-	-	-	890



CLIMATE CHANGE							
RESOURCE							
Budget Expenditure Line	2023-24 Final Budget February 2023 Restated	2024-25 Indicative Final Budget February 2023 Restated	Revisions to the 2024-25 Indicative Allocations	MEG to MEG Transfers	Transfers Within MEG	Allocations to / from Reserves	2024-25 Draft Budget December 2023
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Action: Deliver nature conservation and forestry policies and local environment improvement</b>	27,681	31,681	(8,973)	-	-	-	22,708
Natural Resources Wales	59,725	59,725	(14,000)	-	58,080	17,450	121,255
Natural Resources Wales - Non cash	10,000	10,000	-	-	-	-	10,000
Natural Resources Wales - Timber Income	-	-	-	-	(33,080)	-	(33,080)
Windfarm Income via NRW	-	-	(10,000)	-	-	-	(10,000)
<b>Action: Sponsor and manage delivery bodies</b>	69,725	69,725	(24,000)	-	25,000	17,450	88,175
Environment Management (Pwllperian) - Non cash	38	38	-	-	-	-	38
<b>Action: Developing an appropriate evidence base to support the work of the Department</b>	38	38	-	-	-	-	38
Resource Efficiency and Circular Economy	35,241	35,241	(3,000)	-	-	148	32,389
<b>Action: Increase Resource Efficiency and Support Transition to a Circular Economy</b>	35,241	35,241	(3,000)	-	-	148	32,389
National Park Core Funding	11,416	11,416	-	-	-	-	11,416
<b>Action: Promote and support protected landscapes, wider access to green space</b>	11,416	11,416	-	-	-	-	11,416
Marine Policy, Evidence and Funding	1,911	1,911	(250)	-	-	-	1,661
<b>Action: Restore, Maintain and Improve Marine Environment</b>	1,911	1,911	(250)	-	-	-	1,661
Homelessness Support & Prevention	46,147	51,147	(3,000)	-	166,763	-	214,910
<b>Action: Homelessness Prevention</b>	46,147	51,147	(3,000)	-	166,763	-	214,910
Housing Policy	6,471	6,471	-	-	(5,103)	-	1,368
Housing Support Grant	166,763	166,763	-	-	(166,763)	-	-
Rapid Response to Independent Living	-	-	-	-	5,103	-	5,103
<b>Action: Independent Living</b>	173,234	173,234	-	-	(166,763)	-	6,471
Residential Decarbonisation & Quality	2,173	2,673	(1,000)	-	-	-	1,673
<b>Action: Achieve Quality Housing</b>	2,173	2,673	(1,000)	-	-	-	1,673

**CLIMATE CHANGE**

**RESOURCE**

Budget Expenditure Line	2023-24 Final Budget February 2023 Restated	2024-25 Indicative Final Budget February 2023 Restated	Revisions to the 2024-25 Indicative Allocations	MEG to MEG Transfers	Transfers Within MEG	Allocations to / from Reserves	2024-25 Draft Budget December 2023
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Building Safety	6,000	6,500	(2,000)	-	-	-	4,500
<b>Action: Building Safety</b>	<b>6,000</b>	<b>6,500</b>	<b>(2,000)</b>	-	-	-	<b>4,500</b>
Housing Finance Grant	13,100	13,100	(9,000)	-	-	-	4,100
<b>Action: Increase the Supply and Choice of Affordable Housing</b>	<b>13,100</b>	<b>13,100</b>	<b>(9,000)</b>	-	-	-	<b>4,100</b>
Housing Programme Revenue Funding	173	173	-	-	-	-	173
<b>Action: Housing Revenue Funding</b>	<b>173</b>	<b>173</b>	-	-	-	-	<b>173</b>
Land Release Fund	2,150	2,250	(3,800)	-	-	-	(1,550)
<b>Action: Land Division</b>	<b>2,150</b>	<b>2,250</b>	<b>(3,800)</b>	-	-	-	<b>(1,550)</b>
Regeneration	1,271	1,671	(15,000)	-	-	-	(13,329)
Cardiff Harbour Authority	5,400	5,400	-	-	-	-	5,400
<b>Action: Regeneration</b>	<b>6,671</b>	<b>7,071</b>	<b>(15,000)</b>	-	-	-	<b>(7,929)</b>
Planning and Environment Decisions Wales	2,997	2,997	-	-	-	-	2,997
Planning & Regulation Expenditure	2,099	2,099	(100)	-	-	-	1,999
<b>Action: Planning and Regulation</b>	<b>5,096</b>	<b>5,096</b>	<b>(100)</b>	-	-	-	<b>4,996</b>
Strategic Infrastructure Development	950	950	-	-	-	-	950
<b>Action: Strategic Infrastructure</b>	<b>950</b>	<b>950</b>	-	-	-	-	<b>950</b>
Network Asset Management	4,481	4,481	-	-	-	5,200	9,681
Network Operations	66,023	66,023	(16,855)	-	-	-	49,168
<b>Action: Motorway &amp; Trunk Road Operations</b>	<b>70,504</b>	<b>70,504</b>	<b>(16,855)</b>	-	-	<b>5,200</b>	<b>58,849</b>
Network Operations - Non Cash	188,691	188,691	-	-	-	-	188,691
<b>Action: Improve and Maintain Trunk Road Network (Domestic Routes) - Non Cash</b>	<b>188,691</b>	<b>188,691</b>	-	-	-	-	<b>188,691</b>
Aviation	4,402	2,422	(1,250)	-	-	-	1,172
Frontline Rail Services	850	850	(250)	-	-	-	600

CLIMATE CHANGE							
RESOURCE							
Budget Expenditure Line	2023-24 Final Budget February 2023 Restated	2024-25 Indicative Final Budget February 2023 Restated	Revisions to the 2024-25 Indicative Allocations	MEG to MEG Transfers	Transfers Within MEG	Allocations to / from Reserves	2024-25 Draft Budget December 2023
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Transport for Wales	254,258	256,238	110,750	-	-	-	366,988
Transport for Wales - Non cash	38,000	38,000	-	-	-	-	38,000
<b>Action: Road, Rail, Air and Sea Services and Investment</b>	<b>297,510</b>	<b>297,510</b>	<b>109,250</b>	-	-	-	<b>406,760</b>
Bus Support	61,005	61,005	(150)	-	62,482	-	123,337
Concessionary Fares	60,482	60,482	-	-	(60,482)	-	-
Youth Discounted Travel Scheme	2,000	2,000	-	-	(2,000)	-	-
Sustainable & Active Travel	1,930	1,930	(5,250)	-	-	5,000	1,680
<b>Action: Sustainable Travel</b>	<b>125,417</b>	<b>125,417</b>	<b>(5,400)</b>	-	-	<b>5,000</b>	<b>125,017</b>
Road Safety	5,000	5,000	-	-	-	-	5,000
<b>Action: Improve Road Safety</b>	<b>5,000</b>	<b>5,000</b>	-	-	-	-	<b>5,000</b>
<b>MEG: CLIMATE CHANGE</b>	<b>1,165,687</b>	<b>1,187,687</b>	<b>(78)</b>	-	-	<b>28,398</b>	<b>1,216,007</b>

CLIMATE CHANGE							
CAPITAL							
Budget Expenditure Line	2023-24 Final Budget February 2023 Restated	2024-25 Indicative Final Budget February 2023 Restated	Revisions to the 2024-25 Indicative Allocations	MEG to MEG Transfers	Transfers Within MEG	Allocations to / from Reserves	2024-25 Draft Budget December 2023
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fuel Poverty Programme	35,000	35,000	-	-	-	-	35,000
<b>Action: Fuel Poverty Programme</b>	<b>35,000</b>	<b>35,000</b>	-	-	-	-	<b>35,000</b>
Welsh Government Energy Service	25,000	25,000	-	-	(10,000)	20,000	35,000
Ynni Cymru	-	-	-	-	10,000	-	10,000
Marine Energy	7,000	10,000	-	-	-	(600)	9,400
Environment Protection	2,150	300	-	-	-	-	300
<b>Action: Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection</b>	<b>34,150</b>	<b>35,300</b>	-	-	-	<b>19,400</b>	<b>54,700</b>
Flood Risk Management & Water Policy Delivery	49,000	49,000	-	-	(22,000)	-	27,000
Coal Tip Safety Delivery	11,000	10,300	-	-	-	-	10,300
<b>Action: Develop and implement flood and coastal risk, water and sewage policy and legislation</b>	<b>60,000</b>	<b>59,300</b>	-	-	<b>(22,000)</b>	-	<b>37,300</b>
Enabling Natural Resources	2,000	290	-	-	-	(290)	-
Biodiversity, Evidence and Plant Health	12,500	12,500	-	-	-	-	12,500
Forestry	14,900	9,310	-	-	-	-	9,310
Local Places for Nature	16,700	24,500	-	-	-	(4,710)	19,790
<b>Action: Deliver nature conservation and forestry policies and local environment improvement</b>	<b>46,100</b>	<b>46,600</b>	-	-	-	<b>(5,000)</b>	<b>41,600</b>
Natural Resources Wales	2,358	2,356	-	-	22,750	-	25,106
<b>Action: Sponsor and manage delivery bodies</b>	<b>2,358</b>	<b>2,356</b>	-	-	<b>22,750</b>	-	<b>25,106</b>
Resource Efficiency and Circular Economy	60,000	60,000	-	-	(750)	(12,397)	46,853
<b>Action: Increase Resource Efficiency and Support Transition to a Circular Economy</b>	<b>60,000</b>	<b>60,000</b>	-	-	<b>(750)</b>	<b>(12,397)</b>	<b>46,853</b>
Landscape & Outdoor Recreation	8,900	8,900	-	-	-	-	8,900
<b>Action: Promote and support protected landscapes, wider access to green space</b>	<b>8,900</b>	<b>8,900</b>	-	-	-	-	<b>8,900</b>

CLIMATE CHANGE							
CAPITAL							
Budget Expenditure Line	2023-24 Final Budget February 2023 Restated	2024-25 Indicative Final Budget February 2023 Restated	Revisions to the 2024-25 Indicative Allocations	MEG to MEG Transfers	Transfers Within MEG	Allocations to / from Reserves	2024-25 Draft Budget December 2023
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Rapid Response Adaption Programme	19,500	19,500	-	-	-	-	19,500
Private Rented Sector	1,500	1,500	-	-	-	-	1,500
<b>Action: Independent Living</b>	<b>21,000</b>	<b>21,000</b>	-	-	-	-	<b>21,000</b>
Health & Housing	60,500	60,500	-	-	-	-	60,500
<b>Action: Integrated Care Fund</b>	<b>60,500</b>	<b>60,500</b>	-	-	-	-	<b>60,500</b>
Major Repairs Allowance and Dowry Gap Funding	108,000	108,000	-	-	-	-	108,000
Residential Decarbonisation & Quality	92,000	92,000	-	-	-	-	92,000
<b>Action: Achieve Quality Housing</b>	<b>200,000</b>	<b>200,000</b>	-	-	-	-	<b>200,000</b>
Social Housing Grants (SHG)	370,000	365,000	-	-	-	-	365,000
Land for Housing - Repayment	(1,930)	(3,000)	-	-	-	-	(3,000)
<b>Action: Increase the Supply and Choice of Affordable Housing</b>	<b>368,070</b>	<b>362,000</b>	-	-	-	-	<b>362,000</b>
Building Safety	135,000	165,000	(37,330)	-	-	-	127,670
<b>Action: Building Safety</b>	<b>135,000</b>	<b>165,000</b>	<b>(37,330)</b>	-	-	-	<b>127,670</b>
Market Housing and Other Schemes	67,000	65,000	-	-	-	7,000	72,000
Market Housing and Other Schemes - Repayment	(2,440)	(2,830)	-	-	-	-	(2,830)
Homebuy	2,500	4,000	-	-	-	-	4,000
<b>Action: Increase the Supply and Choice of Market Housing</b>	<b>67,060</b>	<b>66,170</b>	-	-	-	<b>7,000</b>	<b>73,170</b>
Land Release Fund	20,000	25,000	-	-	-	-	25,000
Land Release Fund - Repayment	-	(9,361)	-	-	-	-	(9,361)
<b>Action: Land Division</b>	<b>20,000</b>	<b>15,639</b>	-	-	-	-	<b>15,639</b>
Regeneration	50,000	50,000	-	-	-	-	50,000
<b>Action: Regeneration</b>	<b>50,000</b>	<b>50,000</b>	-	-	-	-	<b>50,000</b>
Strategic Infrastructure Development	14,500	5,000	-	-	-	-	5,000

CLIMATE CHANGE							
CAPITAL							
Budget Expenditure Line	2023-24 Final Budget February 2023 Restated	2024-25 Indicative Final Budget February 2023 Restated	Revisions to the 2024-25 Indicative Allocations	MEG to MEG Transfers	Transfers Within MEG	Allocations to / from Reserves	2024-25 Draft Budget December 2023
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Action: Strategic Infrastructure</b>	<b>14,500</b>	<b>5,000</b>	-	-	-	-	<b>5,000</b>
Network Operations	185,000	185,000	-	-	-	-	185,000
<b>Action: Motorway &amp; Trunk Road Operations</b>	<b>185,000</b>	<b>185,000</b>	-	-	-	-	<b>185,000</b>
Aviation	13,328	1,783	-	-	-	-	1,783
Transport for Wales	196,672	75,217	-	-	-	-	75,217
<b>Action: Road, Rail, Air and Sea Services and Investment</b>	<b>210,000</b>	<b>77,000</b>	-	-	-	-	<b>77,000</b>
Bus Support	58,000	68,000	-	-	-	-	68,000
Local Transport Priorities	33,328	40,000	-	-	-	-	40,000
Sustainable and Active Travel	93,672	99,000	-	-	-	(5,000)	94,000
Sustainable and Active Travel - Repayment	(360)	(372)	-	-	-	-	(372)
<b>Action: Sustainable Travel</b>	<b>184,640</b>	<b>206,628</b>	-	-	-	<b>(5,000)</b>	<b>201,628</b>
Road Safety	4,000	4,000	-	-	-	-	4,000
<b>Action: Improve Road Safety</b>	<b>4,000</b>	<b>4,000</b>	-	-	-	-	<b>4,000</b>
<b>MEG: CLIMATE CHANGE</b>	<b>1,766,278</b>	<b>1,665,393</b>	<b>(37,330)</b>	-	-	<b>4,003</b>	<b>1,632,066</b>

## CLIMATE CHANGE

### AME - RESOURCE

Budget Expenditure Line	2023-24 Final Budget February 2023 Restated	2024-25 Indicative Final Budget February 2023 Restated	Revisions to the 2024-25 Indicative Allocations	Other Changes	2024-25 Draft Budget December 2023
	£000s	£000s	£000s	£000s	£000s
Market Housing - AME	(3,035)	(2,527)	-	(2,871)	(5,398)
<b>Action: Increase the Supply and Choice of Market Housing</b>	<b>(3,035)</b>	<b>(2,527)</b>	-	<b>(2,871)</b>	<b>(5,398)</b>
Roads Impairment - AME	148,512	30,232	-	-	30,232
<b>Action: Motorway &amp; Trunk Road Operations - Non Cash</b>	<b>148,512</b>	<b>30,232</b>	-	-	<b>30,232</b>
Transport for Wales - AME	2,000	2,000	-	-	2,000
<b>Action: Road, Rail, Air and Sea Services and Investment</b>	<b>2,000</b>	<b>2,000</b>	-	-	<b>2,000</b>
NRW Provision for Pensions - AME	10,000	10,000	-	-	10,000
NRW Impairment of Forestry & Biological Assets - AME	(100,000)	(100,000)	-	-	(100,000)
<b>Action: Sponsor and manage delivery bodies</b>	<b>(90,000)</b>	<b>(90,000)</b>	-	-	<b>(90,000)</b>
<b>MEG: CLIMATE CHANGE</b>	<b>57,477</b>	<b>(60,295)</b>	-	<b>(2,871)</b>	<b>(63,166)</b>