

## Equality, Local Government and Communities Committee

**Date:** 15 November 2018  
**Time:** 9:30 - 11:00 and 11:00 – 12:30  
**Title:** Draft Budget Scrutiny 2019-20

### Introduction

This budget includes spending plans for 2019-20, together with indicative capital plans until 2020-21. This paper provides evidence to the Committee on the Local Government and Public Services (LGPS) MEG future programme budget proposals as outlined in the Detailed Draft Budget which was laid on 23 October 2018. Annex A provides a breakdown of the relevant Draft Budget figures for the LGPS MEG by Spending Programme Area, Action and Budget Expenditure Line (BEL).

### Financial Tables

Within the overall LGPS MEG, the specific elements for the Equality, Local Government and Communities Committee are Local Government, Communities, Equality, Housing, Regeneration and Community Safety. The budgets for those elements are summarised in the tables below.

	2018-19 First Supplementary Budget £'000	2019-20 indicative budget £'000	Change £'000	2019-20 Draft Budget £'000
Revenue	3,597,293	3,549,634	55,239	3,604,873
Non Cash	400	400	-200	200
<b>Total Resource</b>	<b>3,597,693</b>	<b>3,550,034</b>	<b>55,039</b>	<b>3,605,073</b>

	2018-19 First Supp Budget £'000	2019-20 Indicative Budget £'000	Change £'000	2019-20 Draft Budget £'000	2020-21 Indicative Budget £'000	Change £'000	2020-21 Draft Budget £'000
Traditional capital	510,037	430,773	67,500	498,273	430,451	39,500	469,951
Financial transactions	99,248	73,067	(430)	72,637	44,700	(1,195)	43,505
<b>Total Capital</b>	<b>609,285</b>	<b>503,840</b>	<b>67,070</b>	<b>570,910</b>	<b>475,151</b>	<b>38,305</b>	<b>513,456</b>

## **Budget Overview**

This is the third budget of the Fifth Assembly and final year of the UK Government's current Spending Review settlement. It is also the last budget before the UK leaves the EU on 29 March 2019.

Although we have only been able to set revenue plans for one year and capital plans for two years, they reflect this Government's continued commitment to protect public services; provide the financial stability needed and to invest in Wales to nurture economic growth and support our priorities.

The decision for the UK to leave the European Union has caused uncertainty. The Welsh Government established a specific team to coordinate the work arising from European Transition: this is working closely with the existing team in Brussels and policy departments.

As the impact of Brexit is so far-reaching, many Welsh Government departments are also prioritising their existing resources to deal with the changes arising from Brexit. Reprioritising existing resources is an important and responsible approach and one which will need to be utilised further as more information about future changes becomes available.

We continue to engage with stakeholders across the private, public and third sectors through a range of forums to understand their concerns and priorities and to be active in setting out coherent policy positions to influence the UK Government's approach to exit negotiations and prepare for multiple possible outcomes.

The Welsh Government has established a £50m EU Transition Fund to help businesses and public services plan and prepare for Brexit. This builds on £5m allocated for Brexit preparedness over 2018-19 and 2019-20 as part of the two-year Budget agreement with Plaid Cymru. The EU Transition Fund has been designed in collaboration with the organisations and businesses it is intended to help.

Together with the introduction of Welsh rates of income tax – and as part of the fiscal framework agreed between the Welsh Government and UK Government in December 2016 – the Welsh Government's overall capital borrowing limit has been increased to £1bn in aggregate, with the annual limit increasing to £150m from 2019-20. Plans to use £250m of capital borrowing over the two-year period 2019-20 and 2020-21 were reflected in the Draft Budget.

The Welsh Government will not raise Welsh rates of income tax in 2019 in line with the commitment set out in the Welsh Labour manifesto. This also reflects the commitment to an orderly transition to the introduction of Welsh rates of income tax in April 2019 and indicates the block grant adjustment will be neutral in this first year.

The devolution of land transaction tax and landfill disposals tax and the transfer of responsibility for the budgetary management of non-domestic rates means that £1.4bn of tax revenue raised in Wales has a direct impact on the resources available in the 2019-20 Budget.

The Welsh Government will publish a new work plan in early 2019 to continue our transparent and collaborative approach to tax policy-making. One of the key challenges within the new work plan will be to progress work on the ideas for new devolved taxes, including a social care levy and vacant land tax. An important consideration in our approach to encouraging new housing developments is our decision to seek the transfer of powers from Westminster to enable Wales to introduce a vacant land tax. A vacant land tax could help to end the practice of holding onto land which has been identified as being suitable for development and could add to the incentives to encourage development.

In principle, Welsh taxes should raise revenue to support public services as fairly as possible. Those who benefit the most from public services tend to be those on below-average incomes. Some protected groups are proportionally more likely to fall into this category.

We will continue to use the tax system to promote fairness and economic growth and to help tackle poverty. Any future tax policy decisions will be developed within the 2017 Tax Policy Framework and in considering the Well-being of Future Generations (Wales) Act 2015, with specific assessments of the impact on households and individuals in Wales being undertaken as necessary.

The continuing pressure on public finances and, more specifically, on the level of funding available to this MEG mean we are under no illusions about the challenges we face and we continue to make hard choices.

These budget proposals reflect our continuing commitment to protect and prioritise investment that supports preventative measures as far as possible. The spending decisions have not only considered how best to meet the current demand for services but have also focused on supporting interventions that are able to prevent problems arising in the future. This preventative approach is an important part of our planning for public services, both now and in the future.

From the outset of our Budget preparations, we have focused on how best to meet the growing needs of key service areas within the MEG in the face of another challenging budget. Over successive years, prioritising preventative spending has been a way of avoiding more costly interventions at a future point and improving the quality of people's lives over the long term.

Within the Local Government portfolio we continue to focus on prevention in the delivery of public services – in terms of meeting current demand for services and to support interventions, which can help prevent problems occurring in the future. As part of the budget process, we have continued to work with the third sector and other partners to develop, and agree, a common definition of prevention.

*Prosperity for All – the national strategy* recognises that with limited resources and increasing demand for public services we have to work differently and maximise the impact of our resources to deliver the government's priorities. A key consideration is how we can act now to help prevent issues arising, getting worse or occurring in the future; improving the economic, social, environmental and cultural wellbeing of Wales in line with the sustainable development principle.

Analysis of evidence on current trends and projections has informed a focus on the areas most critical to delivering the needs of the population of Wales and has informed these spending proposals.

All Cabinet Secretaries are committed to using the Well-being of Future Generations Act to improve how we make decisions about the social, economic, environmental and cultural wellbeing 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. We recognise the need to collaborate with our partners and to use our collective resources effectively to plan for the tough choices ahead.

*Prosperity for All* sets the aims of this Government and provides clarity about how we want Government and delivery partners to be part of a new approach to delivering priorities. The Well-being of Future Generations Act supports the Welsh Government and delivery partners in making these important changes to the way we work.

The strategy sets out 12 well-being objectives and the steps we propose to take to meet them. Together with the wellbeing statement published alongside the strategy, these objectives set out the areas where the Welsh Government can make the greatest contribution to the seven well-being goals for Wales and provide the basis for strong partnerships with others.

## **Local Government and Public Services**

### **Local Government Funding Formula and the funding floor**

My officials work closely with local government in determining the distribution of the annual settlement. The Distribution Sub Group Report records the changes proposed to the funding formula in respect of 2019-20. This Report was approved by the Finance Sub Group of the Partnership Council for Wales on 27 September.

The local government funding formula for 2019-20 reflects the following changes:

- An update to the underlying council tax assumption to set the total Wales level Standard Spending Assessment (SSA)
- A phased approach towards a pre-existing formula for the distribution of the Welsh Independent Living Grant (WILG) Indicator Based Assessment (IBA)
- Changes to the mapping of the underlying financial data that sets the IBA totals at a Wales level
- A move to a 3-year average of free school meal (FSM) data.

Otherwise, the formula reflects the normal process of updating population and other data indicators. This ensures the formula remains relevant and up-to-date.

In addition to the funding identified within the MEG for the local government settlement, £2.5m of additional funding is being provided to ensure that no authority

sees a reduction in its settlement of greater than 1% in cash terms compared to its 2018-19 settlement allocation and, where relevant, top-up funding.

Five authorities benefit from top-up funding in 2019-20: Monmouthshire, Powys, Conwy, Flintshire and Anglesey.

This top-up funding is fully funded by the Welsh Government and does not involve any redistribution of funding from other authorities.

### **How the Welsh Government intends to monitor local authority spending on funding priorities**

Local authorities receive part of their funding for schools and social care from the Welsh Government via the Revenue Support Grant (RSG). In 2018-19, we prioritised funding through the RSG to support local authorities to maintain spend on schools and social care.

The RSG is not ring-fenced as local authorities are considered to be best placed to judge local needs and circumstances and to fund provision accordingly. Once the RSG is distributed, it is the responsibility of individual authorities to set budgets, taking account of the other resources available to them, for the schools and other local services that they provide.

This approach to funding is a key part of the Welsh Government's policy that local authorities are best placed to deliver services in line with the requirements and circumstances of their local population, to whom they are accountable for the decisions they make.

### **Grant allocations for 2019-20**

On 23 October, I published additional settlement tables outlining the latest known position on Welsh Government specific grants to local authorities for 2019-20. This does not represent the final position for 2019-20, but is published in order to give local authorities a timely and fuller picture of the totality of funding available to them to aid them in planning for the coming financial year.

Funding for additional pressures such as school teachers' pay, social care and the increased costs of delivering free school meals brought about by the rollout of Universal credit have been transferred into the settlement for 2019-20 onwards.

### **Strengthening local government**

The Welsh Government and local authorities agree that strong local government is essential to the effective delivery of good quality, integrated public services to communities across Wales. We recognise that the strength of the Welsh Government and local government is the democratic accountability which reflects the needs, aspirations and cultures of Wales. We also agree we need to see effective, successful organisations which are fit-for-purpose and representative of the communities they serve.

Between us we have established an independently chaired working group whose core task is to develop a shared agenda for reform which ensures the sustainability of local service provision through appropriate structures and processes – whether collaboration, shared services or voluntary mergers – all within the framework of democratic accountability and empowered by additional functions, powers and flexibilities, the appropriate financial framework and other tools or support necessary for change. In 2019-20 funding of £6.2m will be available to support the transformation of local government services, freeing up resources to support other priorities.

The funding has been earmarked for actions to support the renewal of local government and includes funding for workforce partnership, digital innovation, funding reform and other transformative activities. A Bill will be introduced in 2019 which will provide for the greater resilience of local government and include reform of the electoral system for local government and extending voting rights to 16 and 17 year olds.

### **Integrated Care Fund**

Our Programme for Government includes a commitment to retain the Integrated Care Fund and £85 million has been made available across Wales 2019-20. ICF funds a wide range of projects and services that support integrated health and social care for older people through the development of new and innovative ways of working.

ICF is helping to improve people's well being as well as helping to reduce pressure on vital NHS and social care services. The funding has been used to reduce pressure on the hospital system, including reduction in unnecessary hospital admissions, inappropriate admissions to residential care, and delayed hospital discharge.

For example the Acute Response Team (ART) is based in the Prince Phillip Hospital in Llanelli. Using £100,000 in ICF funding, ART provides a 24-hour rapid response service across Carmarthenshire and Pembrokeshire for older people who would otherwise require admission to hospital. The team work in partnership with a range of other Integrated Care Fund initiatives to facilitate a person centered integrated service for patients in their own homes, allowing them to remain within their communities, continue in their day-to-day lives without the interruptions of visiting hospitals for treatment and experience better health outcomes as a result.

The Welsh Community Care IT System (WCCIS) supports the delivery of integrated health and social care services and allows staff working in health and social care to use a single system and a shared electronic record of care. The system is currently live in 13 organisations, which includes Powys Teaching Health Board and 12 local authorities. In addition, deployment orders are in place for Betsi Cadwaladr UHB and Aneurin Bevan UHB. There are almost 10,000 users of WCCIS, including social workers, mental health staff, physiotherapists, occupational therapists, health visitors and community nurses, across Health Boards and local authorities.

During 2018 we have issued revised guidance covering Integrated Care Fund capital funding. The guidance makes clear that Ministers want to see Regional Partnership Boards develop a more strategic approach towards using these funds. Altogether £105 million will be available over a three year period to support accommodation led projects which bring together housing health and social care. We are already seeing organisations coming together to transform the support made available to people suffering from dementia. The Fund is also being used to extend supported living accommodation for people with a learning disability.

## **Housing, regeneration and poverty**

### **Children and Communities and Housing Support Grants**

Over the course of 2018-19, we tested a new way of working in seven local authorities, the aim of which was to bring together a number of grants to strengthen the ability of local authorities and their partners to deliver preventative services focused on early intervention for those in the greatest need.

The interim evaluation of the work in the seven pathfinder local authorities demonstrates the potential for improved outcomes arising from better integrated services. Planning, commissioning and delivering services which reflect the complexity of people's lives and the inter-relationships between their support needs must be the right approach. It is only a few months since the pathfinders began their work the direction of travel looks promising.

The evaluation highlighted a variety of views about the opportunities for alignment between the grants included in the pathfinder arrangements. It identified a natural alignment between the housing-related grants which form part of the Early Intervention and Prevention Grant and a similar alignment between the non-housing-related grants. The interim evaluation does show that some of the pathfinders have managed to align both these areas and further investigation will be needed to see if and how this could be replicated across all local authorities.

After carefully considering the results of the evaluation, we have decided we should split the Early Intervention and Prevention Grant into two, separating the housing-related grants from non-housing elements for all local authorities.

From April 2019 we will establish a Children and Communities Grant, encompassing Flying Start, Families First, the Legacy Fund, Promoting Positive Engagement for Young People, St David's Day Fund, Communities for Work Plus and Childcare and Play.

We will also introduce a single Housing Support Grant encompassing Supporting People, Homelessness Prevention and Rent Smart Wales Enforcement.

These arrangements will remain in place for the remainder of this Assembly term and will apply to all local authorities in Wales. The Domestic Abuse Grant, National

Advocacy Grant and Community Cohesion Grant will not be included in either the Children and Communities Grant or the Housing Support Grant.

An additional £13.4m has been allocated in 2019-20 to restore previously-planned cuts to the programmes by using £5m previously earmarked for the childcare offer, and allocating an extra £8.4m from reserves. All individual grants previously earmarked to form part of the Early Intervention, Prevention and Support Grant during 2019-20 will now receive the same budget as they did in 2018-19.

We believe that this approach has a number of advantages. It will allow us to work with all of our partners to ensure that the crucial services are integrated as effectively as possible and it will ensure that we are able to consider fully the evidence and recommendations emerging from recent committees and reviews. The future of these grants will be determined by the evidence of the outcomes for the people and communities in Wales.

We will continue to work in partnership with local authorities and our wider stakeholders, including by providing support to the non-pathfinders, to take forward the new arrangements to emphasise the importance of early intervention and prevention.

### **Affordable housing / empty homes / home ownership initiatives**

Increasing the supply and choice of affordable housing is primarily funded by the **Social Housing Grant** and building on the £207.1m provided in 2018-19, funding of £123.2m has been provided for 2019-20. It provides funding to support the construction or refurbishment of affordable homes for rent and for equity share.

The **Housing Finance Grant** (HFG) is helping to deliver at least 2,500 additional homes all across Wales and assisting more people with access to a warm, safe and secure home. The Draft Budget has increased funding from 2018-19 by £1.7m to provide £13.1m in 2019-20. This will enable local authorities to increase the supply of good quality affordable housing across Wales, ensuring the right types of properties are built in the right places and to maintain and support the construction industry.

Steps are underway to extend '**Rent to Own – Wales**' from just new-build homes to existing homes, available for sale on the open market. This will help increase the pace of delivery of homes for 'Rent to Own – Wales' – as well as offering aspiring tenants/buyers more choice over locations, ensuring family, school and social networks are more easily retained. This extension of the scheme, to existing homes, will also assist with Welsh Government's Prosperity for All objective of bringing buying a home in high cost rural areas within reach of local people as no deposit is required at the outset.

To provide up to 6,000 people with support to purchase their own home the Help to Buy Phase II scheme, part of the **Help to Buy Wales Fund and Other Schemes**, will receive **£63.1m** in 2019-20. This is the second year of funding support of a £290m Help to Buy Phase II scheme running until 2020-21. The majority of purchasers are first time buyers and the scheme offers support to purchase new

build houses. The budget includes funding allocated to assist SMEs to increase the supply of new market homes in order to meet current demand within Wales. We have increased funding options available to Registered Social Landlords by providing an annual loan budget of **£10m**. **Land for Housing Capital** will enable Registered Social Landlords to secure land in order to develop affordable and/or market homes.

The housing supply initiatives will be supported through the abolition of the Right to Buy and associated rights from 26 January 2019, which will protect the stock of social housing from further erosion in the face of a high level of demand and a supply shortage. It will also give local authorities and housing associations the confidence to invest in new developments in the knowledge those new properties will not be sold off.

### **Homelessness services**

The Welsh Government provides funding to tackle and prevent homelessness through the Revenue Support Grant, the Homelessness Prevention Grant programme and the Supporting People programme. This funding enables Local Authorities to fulfil their prevention duties under the Housing (Wales) Act 2014, and supports front line services and initiatives aimed at tackling the root causes of homelessness and supporting individuals to find and sustain suitable accommodation.

The additional £10m provided in 2018-19 was made up of:

- *£6 million of new money in the Revenue Support Grant from 2018/19.*
- *£4 million into the existing Homelessness Prevention Grant programme which directly funds front line services.*

The **Homelessness Prevention** budget has increased to **£17.9m** in 2019-20 (in addition to £6m in RSG), and is used wholly for measures intended to prevent or relieve homelessness. £10m of this funding is specifically for tackling youth homelessness and the Welsh Government has commissioned Wales Centre for Public Policy (WCPP) to undertake research in this area to inform the allocation of the additional funding and ensure policy and funding decisions are evidence based.

The Homelessness Prevention Grant currently supports statutory and third sector organisations to deliver front line services to prevent homelessness. It helps people to prevent homelessness via mediation, advice services and bond schemes as well as supporting those who are chronically affected by homelessness, such as rough sleepers, through night shelters, hostels and outreach work

Oversight of homelessness prevention work is undertaken through a Ministerial led Steering Group with broad representation from across Welsh Government and the third sector. A number of themed working groups work with the Welsh Government to develop policy and practice; these involve leading charities, third sector organisations, WLGA, academics and stakeholder groups.

From 1 April 2019, a £2.8m budget in relation to a Homelessness Grant paid directly to local authorities will form part of the new Housing Support Grant.

## **Fire safety**

Our first priority after the Grenfell Tower tragedy has been to ensure residents of high-rise blocks are safe. This is a highly complex, multi-actor endeavour which requires the coordinated, clear and coherent efforts of Welsh and local government partners. However clear a framework, government intervention alone cannot deliver the outcomes sought, a point well made by Dame Judith Hackitt in her independent review of building regulations and fire safety: a whole-system approach must be characterised by the effective actions of Fire and Rescue Services, building control, builders, architects, manufacturers managing agents, and indeed residents.

In terms of scope, although issues have now moved beyond initial focus on cladding, an extensive exercise identified fifteen high-rise residential buildings with non-compliant Aluminium Composite Material cladding systems were identified. Three were in the social sector and twelve privately-owned.

Newport City Homes was provided with funding of £3m in 2018-19 to remove and replace non-compliant Aluminium Composite Cladding from three social sector high-rise buildings in Wales. Once this work is completed there will be no social housing high-rise buildings in Wales with this type of cladding.

The Minister for Housing and Regeneration has met developers and agents for all private sector buildings where necessary work was still to commence. The Minister has made clear our expectation that costs are not passed onto leaseholders. Good progress has been made. The recent decision of Bellway Homes to remove and replace cladding at the seven buildings comprising the 'Prospect Place' development in Cardiff means that work is now either near completion or there is a clear commitment to remediate on nine of the 12 private sector buildings identified. Of the three remaining, Bellway has informed officials a similar decision "should be expected" in respect of its 'Quayside' building. The cladding system for the two other buildings (at the 'Lumis' student development) is being subjected to large-scale testing in Dubai later this year. The developers have committed to funding any remediation necessary.

The Minister for Housing and Regeneration chairs an expert group which has been assembled to consider the recommendations of Dame Judith Hackitt's wide-ranging report on building regulations and fire safety. Recommendations and actions arising from the public inquiry and the independent review of building regulations will need to be fully assessed and, if necessary, costed.

The Building Safety Expert Group will report early in the New Year advising on an appropriate response, the pathway to implementation and how these sit within a Welsh context to drive up standards and strengthen building safety.

## Home adaptations

The **Independent Living fund** which has a budget of **£4.9m** supports services delivered by Care and Repair agencies. This funding helps to reduce the pressure on social care and the NHS by supporting adaptations which make homes safer for elderly and vulnerable people.

A significant programme of reform is now underway in this area to respond to recommendations made by the Wales Audit Office and the Public Accounts Committee earlier this year. This is being coordinated by the Housing Adaptations Steering Group which has representatives from across a broad range of stakeholders including Care and Repair, local government, landlords, Older People's Commissioner, representative groups such as Tai Pawb and occupational therapist. The group has played a key role in developing a new set of service standards which are subject to a consultation exercise ending in December. The group has also supported the publication of a more comprehensive system for publishing performance data for these crucial preventative services.

Support for tenant participation services is currently being reviewed through a thematic review led by the Housing Regulation team. The review will examine how effectively tenants are engaged in the design and delivery of housing services. We will use the results of this review to inform future procurement of Tenant Participation Services. It is anticipated that this review will be completed in Spring 2019.

## Targeted Regeneration Investment

Local authorities are developing a new round of Targeted Regeneration Investment (TRI) projects supported under the **Regeneration Capital** budget. This investment is intended to complement the Economic Action Plan and deliver economic regeneration in all parts of Wales not just those areas that offer the best commercial returns. Under the terms of the new programme, regional regeneration strategies have been prepared by local authorities working in four regional groups. Detailed proposals for investment are now being developed in light of these strategies. Projects already submitted for approval include thematic approaches to town centre regeneration where authorities are working together to improve retail premises and in some cases to convert buildings for alternative use.

Up to £100 million is available to support regeneration projects over the next three years. This budget line also includes the £10.3million (in 2018-19 and 2019-20) Targeted Match Funding made available to match fund European capital regeneration programmes. This includes the match funding required to support the Building for the Future programme which has also been allocated £38m ERDF funding. Building for the Future has a particular focus on bringing derelict town centre buildings and sites back into productive use. During the course of 2018 £10 million was provided by the Fund to support the ground breaking Taff Vale development in the heart of Pontypridd which is due to become the new corporate headquarters for Transport for Wales.

## **Universal Credit**

The Department for Work and Pensions (DWP) are rolling out Universal Credit full-service to new claimants and intend to complete this by the end of December 2018 across Wales. The DWP currently plan to migrate claimants from legacy benefits to Universal Credit starting on a phased basis from July 2019 and completing full roll out by March 2023. As at 9 August the DWP showed 52,000 people on Universal Credit in Wales, and as at June there were around 40,800 households on Universal Credit in Wales, compared to an estimated 400,000 by March 2023.

Through our Financial Inclusion funding, five not-for-profit organisations receive annual funding of £5.97 m to provide social welfare information and advice services within all twenty-two local authority areas and pan-Wales services.

As a result of the continued roll out of Universal Credit, we are proposing to introduce an earned income threshold of £7,400 for Universal Credit claimants who want to claim free school meals for their children. We are also proposing transitional protection for families affected by the change. The consultation on our proposals ended on 14 September and we are currently analysing responses. A report will be published this autumn.

## **Discretionary Assistance Fund**

The overall DAF spend during 2017-18 was £8.69m, which was £40,000 over budget. DAF saw a steady increase in demand during 2017-18 with the number of applications reaching over 7,600 and record monthly grant spend of more than £940,000 in March 2018. Demand has continued to increase this financial year (2018-19) with August seeing the highest number of applications received in a single month since the DAF started in 2013.

An additional £2m was allocated from reserves in 2019-20 to address this increasing demand.

## **Communities First Legacy Funding**

The purpose of the Legacy Fund is to ensure the most successful aspects of Communities First are able to continue following the programme closure. Local Authorities are best placed to determine which successful aspects continue, and they do this in partnership with their communities.

All eligible Local Authorities have individual arrangements in place for determining which aspects are being taken forward; decisions on these arrangements involve communities, stakeholders, the Public Services Board, key partnerships and relevant statutory organisations. Locally-identified outcomes are set by the local authority and these are included within the submitted proposal for 2018-19. Local authorities monitor and record performance and achievements against these locally-identified outcomes.

Welsh Government holds regular bi-lateral meetings with local authorities and also requires a mid and end year report to be submitted which tracks the outputs,

progress made against the outcomes and the benefit to the community. The mid-year report is expected October 2018.

From 1 April 2019, the Communities First Legacy Funding will form part of the new Children and Communities Grant.

## **Communities Facilities Programme**

The Community Facilities Programme operates on a rolling basis; groups can submit applications at any time during the year. As a result, there is a pipeline of projects at all stages including expressions of interest, full applications, approved projects in delivery and completed projects in monitoring. There are always Community Facilities Programme grant applications under assessment and projects are awarded funding in several tranches throughout the financial year. Third sector organisations can apply for up to £250,000 from the Communities Facilities Programme.

In 2018-19 to date, the Community Facilities Programme has committed £2 million to 9 larger projects currently being delivered across Wales. These include £161,000 awarded to Mon Communities Forward in Holyhead which has helped the group to purchase and refurbish a building and safeguard its training and employment support services; £155,000 for an extension to Trimsaran Leisure Centre in Carmarthenshire to help Trimsaran Village Forum provide a community space; and £250,000 towards the £1.5 million project to transform Grange Pavilion in Cardiff. A further ten applications worth £1.9 million are expected to be approved shortly. These ten grants alone will enable projects worth £8.4 million to be delivered.

The small grant element of the Communities Facilities Programme which was introduced in July 2017 is proving popular with applicants. Projects can apply for up to £25,000 for small capital works, or to support larger projects where match funding is required.

To date we have committed £400,000 to twenty smaller projects. These include £25,000 to Menter Iaith Conwy to help them to purchase a former bank building in Llanrwst; £25,000 for Play Radnor in Powys to help the group create accessible toilets and changing space for parents and children; and £16,000 for Life Leisure Trust to support the development of much needed community space at Abertillery Library. A further seven projects worth £147,500 are expected to be approved shortly. Once the latest tranche of grants has been agreed the under £25,000 element of Communities Facilities Programme will have enabled projects worth a total of £3.9 million.

Communities Facilities Programme officials are currently assessing 25 expressions of interest seeking just under £5 million in grants. Of these we will shortly invite ten projects seeking £2 million to submit a full application. There are 19 full applications seeking £3.6 million and three under £25,000 applications seeking £48,546 also under assessment.

## **The voluntary sector**

We are committed to recognising and promoting the Third Sector, and values the Third Sector for the contribution it makes to the long term economic, social,

environmental and cultural well-being of Wales. We are also committed to maturing the relationship between the Welsh Government and the Third Sector that has developed over a long period, for the benefit of people and communities in Wales. We recognise this relationship must include measures for assistance for the sector. The level of financial resources available will determine the extent of such assistance which is provided by way of grants etc., and funds will need to be targeted according to Welsh Government priorities. The Welsh Government recognises its role in seeking to ensure that the Third Sector has fair and reasonable access to public funds.

Through the Third Sector Scheme and Infrastructure Partnership Agreement we support a Third Sector Infrastructure which represents, promotes and supports the Third Sector. We allocate “core” funding to the Wales Council for Voluntary Action (WCVA) and County Voluntary Councils (CVCs) to minimise any administration costs and improve efficiency to support Third Sector Support Wales. The Cabinet Secretary for Local Government and Public Services awarded WCVA a maximum of £6,019,352 for the period 1st April 2018 to 31st March 2019 and an in principle offer subject to final Welsh Government budget approval during 2018 of a maximum of £5,848,240 for the period 1st April 2019 – 31st March 2020.

The Well-Being of Future Generations Act (and its Ways of Working) has prompted a discussion with Third Sector organisations about this relationship, and representatives of the Third Sector have recently engaged with their members to discuss what they feel their relationship with government should look like over the next 20 years. This process has identified a number of key areas for change from both the sector and the government including a maturing of the engagement mechanisms and creating greater clarity around the difference we want that relationship to make. We will continue to work with the Third Sector to identify and implement improvements to the relationship.

## **Legislation**

No budget impacts have been identified relating to any UK legislation in this portfolio.

Assessing the costs of legislation and the impact on those it affects is an essential part of the policy development process. We recognise there cannot be a blank cheque for legislation and that every new commitment in this MEG will have to be paid for by a cutback somewhere else.

This is why every bill is subject to a robust assessment of costs and benefits, achieved through consultation and engagement with our stakeholders in the development of the regulatory impact assessments prepared for Government Bills. This is to ensure our decisions are informed by the people who will be affected by them.

Steps are being taken to improve the clarity and consistency of Regulatory Impact Assessments but changes to the bill during scrutiny and other factors will inevitably result in some variances between estimated costs at the published RIA stage and actual costs during implementation. In accordance with the commitment given by the

Cabinet Secretary for Finance and Local Government to the Finance Committee, a year on year table showing the cost of legislation falling to the Welsh Government was provided at Annex C of the departmental budget proposals published on 23 October.

**Abolition of the Right to Buy and Associated Rights (Wales) Act 2018**  
**Regulation of Registered Social Landlords (Wales) Act 2018**  
**Renting Homes (Wales) Act 2016**  
**Renting Homes (fees etc.) (Wales) Bill**

There is no funding requirement with regard to any of the above legislation relating to housing. However, there will be some cost implications with respect to communications activities undertaken by the Welsh Government to publicise the legislative changes being made. In addition there is potential for some costs as a result of any Brexit legislation. For instance the need for local authorities and Registered Social Landlords to publicise housing implications of any changes to immigration rules, however, until there is more certainty no details can be provided.

**Violence Against Women, Domestic Abuse and Sexual Violence Wales Act 2015**

This legislation is not within our portfolio, it is within the portfolio of the Leader of the House.

## ANNEX A

<b>LOCAL GOVERNMENT AND PUBLIC SERVICES MAIN EXPENDITURE GROUP (MEG)</b>					
<b>RESOURCE BUDGET</b>					<b>£000</b>
<b>Action</b>	<b>BEL</b>	<b>2018-19 Supplementary Budget June 2018</b>	<b>2019-20 Plans as per 2018-19 Final Budget</b>	<b>Changes</b>	<b>2019-20 New Plans Draft Budget</b>
Funding Support for Local Government	Local Govt General Revenue Funding (RSG & NDR)	3,220,362	3,164,987	44,697	3,209,684
	City & Growth Deals	10,000	10,000		10,000
	Police General Revenue Funding	88,400	90,250	100	90,350
	Non-Domestic Rates: Rates Relief	5,200	6,500		6,500
	Local Govt PFI Revenue Consequences	3,389	3,256		3,256
	Transformation & Legislation	5,000	6,000	200	6,200
	Non-Domestic Rates: Collection Costs	5,172	5,172		5,172
	Emergency Financial Assistance Scheme	101	1		1
<b>Total Funding Support for Local Government</b>		<b>3,337,624</b>	<b>3,286,166</b>	<b>44,997</b>	<b>3,331,163</b>
Valuation Services	Valuation Office Agency Services	8,561	8,561		8,561
	Valuation Tribunal for Wales	1,039	1,039		1,039
	Local Taxation Research & Analysis	100	100		100
<b>Total Valuation Services</b>		<b>9,700</b>	<b>9,700</b>		<b>9,700</b>
Building Local Democracy	Sponsorship of the Local Democracy and Boundary Commission for Wales	572	572		572
	Expenditure to promote local democracy	126	126		126
<b>Total Building Local Democracy</b>		<b>698</b>	<b>698</b>		<b>698</b>
Local Government Improvement	Improvement & Audit	350	350		350
<b>Total Local Government Improvement</b>		<b>350</b>	<b>350</b>		<b>350</b>

Action	BEL	2018-19 Supplementary Budget June 2018	2019-20 Plans as per 2018-19 Final Budget	Changes	2019-20 New Plans Draft Budget
Academi Wales	Academi Wales	1,193	1,134		1,134
<b>Total Academi</b>		<b>1,193</b>	<b>1,134</b>		<b>1,134</b>
Supporting Collaboration and Reform	Community and Town Councils	144	144		144
	Public Services Boards	730	730	-200	530
<b>Total Supporting Collaboration and Reform</b>		<b>874</b>	<b>874</b>	<b>-200</b>	<b>674</b>
Early Intervention, Prevention and Support	Prevention and Early Intervention	6,000*	0		0
	Supporting Communities	6,162	6,162	-1,730	4,432
	Children and Communities Grant	0	130,263**	-119,843	10,420**
	Housing Support Grant	0	0	126,763	126,763
	Valleys Task Force	100	100		100
<b>Total Early Intervention, Prevention and Support</b>		<b>12,262</b>	<b>136,525</b>	<b>5,190</b>	<b>141,715</b>
Financial Inclusion and Third Sector	Financial Inclusion	14,927	14,927	3,730	18,657
	Support for the Voluntary Sector and Volunteering	6,125	6,125		6,125
<b>Total Financial Inclusion and Third Sector</b>		<b>21,052</b>	<b>21,052</b>	<b>3,730</b>	<b>24,782</b>
Fire and Rescue Services and Resilience	Fire & Rescue Services	5,709	6,309		6,309
	Community Fire Safety	848	848		848
<b>Total Fire and Rescue Services and Resilience</b>		<b>6,557</b>	<b>7,157</b>		<b>7,157</b>
Community Support Officers	Community Support Officers	16,787	16,787		16,787
<b>Total Community Support Officers</b>		<b>16,787</b>	<b>16,787</b>		<b>16,787</b>
Promoting Positive Engagement for Young People	Youth Justice Services	4,420	0		0
<b>Total Promoting Positive Engagement for Young People</b>		<b>4,420</b>	<b>0</b>		<b>0</b>
Supporting People	Supporting People	124,488	0		0
<b>Total Supporting People</b>		<b>124,488</b>	<b>0</b>		<b>0</b>
Homelessness Prevention	Homelessness	9,907	17,907		17,907
<b>Total Homelessness Prevention</b>		<b>9,907</b>	<b>17,907</b>		<b>17,907</b>

Action	BEL	2018-19 Supplementary Budget June 2018	2019-20 Plans as per 2018-19 Final Budget	Changes	2019-20 New Plans Draft Budget
Independent Living	Independent Living	5,159	4,884		4,884
<b>Total Independent Living</b>		<b>5,159</b>	<b>4,884</b>		<b>4,884</b>
Increase the Supply and Choice of Affordable Housing	Housing Finance Grant	11,400	13,100		13,100
<b>Total Increase the Supply and Choice of Affordable Housing</b>		<b>11,400</b>	<b>13,100</b>		<b>13,100</b>
Housing Revenue Funding	Housing Programme Revenue Funding	1,073	1,073		1,073
<b>Total Housing Revenue Funding</b>		<b>1,073</b>	<b>1,073</b>		<b>1,073</b>
Regeneration	Regeneration	560	560		560
	Cardiff Harbour Authority	5,400	5,400		5,400
<b>Total Regeneration</b>		<b>5,960</b>	<b>5,960</b>		<b>5,960</b>
Care and Social Services Inspectorate	Care & Social Services Inspectorate	13,632	12,896	736	13,632
<b>Total Care and Social Services Inspectorate</b>		<b>13,632</b>	<b>12,896</b>	<b>736</b>	<b>13,632</b>
Healthcare Inspectorate Wales	Healthcare Inspectorate Wales	3,504	3,315	189	3,504
<b>Total Healthcare Inspectorate Wales</b>		<b>3,504</b>	<b>3,315</b>	<b>189</b>	<b>3,504</b>
Estyn	Estyn-Programme Expenditure	11,053	10,456	397	10,853
<b>Total Estyn</b>		<b>11,053</b>	<b>10,456</b>	<b>397</b>	<b>10,853</b>
<b>TOTAL RESOURCE BUDGET</b>		<b>3,597,693</b>	<b>3,550,034</b>	<b>55,039</b>	<b>3,605,073</b>

\* Only reflects element of the BEL relevant to CSLGPS & MHR portfolio – i.e. only Community First Legacy

\*\* Only reflects elements of the BEL relevant to CSLGPS & MHR – i.e. only Community First Legacy, and Promoting Positive Engagement with Young People

LOCAL GOVERNMENT AND PUBLIC SERVICES MAIN EXPENDITURE GROUP (MEG)								
CAPITAL BUDGET								£000's
Action	BEL	2018-19 Supplementary Budget June 2018	2019-20 Plans as per 2018-19 Final Budget	Changes	2019-20 New Plans Draft Budget	2020-21 Plans as per 2018-19 Final Budget	Changes	2020-21 New Plans Draft Budget
Local Government General Capital Funding	Local Govt General Capital Funding	142,837	142,837	20,000	162,837	142,837	20,000	162,837
<b>Total Local Government General Capital Funding</b>		<b>142,837</b>	<b>142,837</b>	<b>20,000</b>	<b>162,837</b>	<b>142,837</b>	<b>20,000</b>	<b>162,837</b>
Community Facilities	Community Facilities Programme	8,000	5,034		5,034	4,838		4,838
<b>Total Community Facilities</b>		<b>8,000</b>	<b>5,034</b>		<b>5,034</b>	<b>4,838</b>		<b>4,838</b>
Early Intervention, Prevention and Support	Valleys Task Force	0	0	12,500	12,500	0	19,500	19,500
<b>Total Early Intervention, Prevention and Support</b>		<b>0</b>	<b>0</b>	<b>12,500</b>	<b>12,500</b>	<b>0</b>	<b>19,500</b>	<b>19,500</b>
Financial Inclusion and Third Sector	Financial Inclusion	500	0	500	500	0	-5	-5
<b>Total Financial Inclusion and Third Sector</b>		<b>500</b>	<b>0</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>-5</b>	<b>-5</b>
Fire and Rescue Services and Resilience	Fire & Rescue Services	1,230	1,410		1,410	1,210		1,210
	Community Fire Safety	670	670		670	670		670
<b>Total Community Support Officers</b>		<b>1,900</b>	<b>2,080</b>		<b>2,080</b>	<b>1,880</b>		<b>1,880</b>
Independent Living	Rapid Response Adaption Programme	5,660	5,660		5,660	5,660		5,660
<b>Total Independent Living</b>		<b>5,660</b>	<b>5,660</b>		<b>5,660</b>	<b>5,660</b>		<b>5,660</b>
Integrated Care Fund	Integrated Care Fund	10,000	15,000	20,000	35,000	20,000		20,000
<b>Total Integrated Care Fund</b>		<b>10,000</b>	<b>15,000</b>	<b>20,000</b>	<b>35,000</b>	<b>20,000</b>		<b>20,000</b>
Achieve Quality Housing	Major Repairs Allowance and Dowry Gap Funding	108,000	108,000		108,000	108,000		108,000
<b>Total Achieve Quality Housing</b>		<b>108,000</b>	<b>108,000</b>		<b>108,000</b>	<b>108,000</b>		<b>108,000</b>
Increase the Supply and Choice of Affordable Housing	Social Housing Grants (SHG)	207,137	123,219	15,000	138,219	110,147		110,147
	Land for Housing	10,000	10,000		10,000	10,000		10,000
	Extra Care	4,301	0		0	0		0
<b>Total Increase the Supply and Choice of Affordable Housing</b>		<b>221,438</b>	<b>133,219</b>	<b>15,000</b>	<b>148,219</b>	<b>120,147</b>		<b>120,147</b>
Increase the Supply and Choice of Market Housing	Help to Buy Wales Fund and Other Schemes	88,748	63,067	-930	62,137	34,700	-1,190	33,510
<b>Total Increase the Supply and Choice of Market Housing</b>		<b>88,748</b>	<b>63,067</b>	<b>-930</b>	<b>62,137</b>	<b>34,700</b>	<b>-1,190</b>	<b>33,510</b>
Regeneration	Regeneration	21,921	28,662		28,662	36,808		36,808
<b>Total Regeneration</b>		<b>21,921</b>	<b>28,662</b>		<b>28,662</b>	<b>36,808</b>		<b>36,808</b>
Estyn	Estyn-Programme Expenditure	281	281		281	281		281
<b>Total Estyn</b>		<b>281</b>	<b>281</b>		<b>281</b>	<b>281</b>		<b>281</b>
<b>LOCAL GOVERNMENT AND PUBLIC SERVICES - TOTAL CAPITAL BUDGET</b>		<b>609,285</b>	<b>503,840</b>	<b>67,070</b>	<b>570,910</b>	<b>475,151</b>	<b>38,305</b>	<b>513,456</b>