

Equality, Local Government and Communities Committee

Date: 9 November 2016

Time: 9:30-11:00

Title: Evidence paper on the Draft Budget: 2017-18: Cabinet Secretary for Communities and Children

1. Introduction

This paper provides comments and information to the Committee regarding the Communities and Children (C&C) portfolio and future programme budget proposals outlined within the Draft Budget which was laid on 18 October 2016. As requested by the Committee, Annex A provides a breakdown of the relevant Draft Budget figures for the C&C Major Expenditure Group (MEG), by Action and by Budget Expenditure Line (BEL).

2. Background

The 2017-18 indicative allocations are derived from the 2016-17 First Supplementary Budget and some baseline adjustments. The adjustment in Revenue DEL was an additional £0.1m in respect of CAF/CASS' 'Invest to Save' funding. The capital changes reflect the transfer of Local Authority General Capital Funding back to the Local Government MEG. The total changes proposed for the C&C MEG in 2017-18 is an increase of £13.3m in Revenue DEL, £9.7m in Capital DEL and a reduction of £1.2m in AME. The following tables show the overall effect on the C&C Departmental Expenditure Limit (DEL) baseline budget.

Summary Financial Tables:

C&C MEG	2016-17 Supp. Budget £000	2017-18 Indicative Budget £000	2017-18 Changes £000	2017-18 New Plans Draft Budget £000
Resource DEL	357,631	358,468	12,600	371,068
Capital DEL	376,370	328,012	9,693	337,705

DEL Baseline	734,001	686,480	22,293	708,773
Annually Managed Expenditure	26,125	32,627	-1,242	31,389

Within the overall C&C MEG, the specific elements for the Committee are Communities, Equality, Housing, Regeneration and Community Safety. The budgets for those elements are summarised in the table below.

Supporting Communities and People	2016-17 Supp. Budget £000	2017-18 Indicative Budget £000	2017-18 Changes £000	2017-18 New Plans Draft Budget £000
Resource DEL	341,443	341,443	2,950	344,393
Capital DEL	373,370	328,012	8,433	336,445
DEL Baseline	714,813	669,455	11,383	680,838

The Resource DEL line includes Flying Start and Families First within the new Prevention and Early Intervention Action.

3. Budget Overview

This is a Budget which has been developed against the backdrop of uncertain and difficult times. The outcome of the EU referendum will recast our relationship with the European Union in the long term; and there is uncertainty about the future of important European funding streams and the impact on UK public finances and the Welsh budget.

We continue to face ongoing cuts to our overall funding from the UK Government – the influential Institute for Fiscal Studies has commented that “Wales is looking at an extraordinary 11 or more years of retrenchment in public service spending...”

This means that – as a Welsh Government and as a National Assembly for Wales – we face some hard choices as we continue to work to protect our public services from the worst of these effects and invest in Wales to grow jobs and our economy, taking our country forward.

The UK Government will publish an Autumn Statement in November. Even though early statements by the Chancellor of the Exchequer indicate that the Treasury will no longer be aiming to achieve a surplus by 2020, he has also said it is not an end to austerity. This is why, in our Draft Budget, we have decided to publish revenue spending plans for 2017-18 only and capital plans for four years.

The latter provides certainty for longer-term investments and facilitates the strategic approach that's necessary for the planning of developments.

We are now in the second year of the UK Government's Spending Review settlement, which set the Welsh Government's revenue budget for the period 2016-17 to 2019-20 and the capital budget until 2020-21. Overall, the Welsh budget will continue to reduce in real terms over the period.

The cuts yet to come compound the successive real terms reductions which have been made since 2010-11. The Spending Review reductions to our settlement reinforced the UK Government's squeeze on public spending and commitment to austerity. Our budget will be 9% lower in real terms by the end of the decade – this is equivalent to almost £1.5bn less in real terms for public services in Wales in 2019-20 than in 2010-11.

The result of the EU referendum has added to the level of uncertainty about future resources for Wales. Withdrawal from the EU will have an impact on the availability of resources available to Wales as it benefits from £650m a year from various European funding streams.

Once we have assessed the impact of the Autumn Statement, we intend to publish planning assumptions for 2018-19 and 2019-20 in the New Year. Our decision to publish a one-year revenue budget means we are providing stability for core services and investing in priorities in the immediate term. This provides a stable platform from which we can manage the tough financial times ahead in innovative ways with our partners and stakeholders.

Specific to my portfolio, I have proposed merging three of the current SPAs (Children, Young People and Families; Supporting Communities and People and CAF/CASS) into one, called 'Enabling Children and Communities'. Within the new SPA, there would be three Actions to cover Supporting Children, Prevention and Early Intervention and Third Sector/Financial Inclusion. The main difference is that the Prevention and Early Intervention Action would combine the revenue budgets for Flying Start, Families First and Communities First. It is not my intention to merge the actual programmes at present but this proposal would provide the opportunity to be more flexible in making decisions after the Communities First engagement process.

An integrated, long-term approach to capital funding

In this budget we have the opportunity to drive investment in the economy; make improvements in vital public services and start to deliver the key priorities set out in Taking Wales Forward.

In previous years we have mainly had traditional capital and financial transaction funding at our disposal to fund public infrastructure projects – now new borrowing

powers and more innovative finance models are open to Wales as the level of available public capital continues to decline.

We will set a four-year capital budget – this matches the capital settlement set out in the 2015 UK Spending Review – and consists of a firm budget for 2017-18 and indicative allocations for the subsequent three years. It is important we provide as much transparency and certainty to our key stakeholders and delivery partners as we can to deliver capital investments and so we have concluded that a long-term capital approach is the right decision.

Reserves

Our approach is to maximise allocations to portfolios while retaining a prudent level of central reserves as a contingency for unforeseen pressures. Whilst this principle applies equally to our revenue and capital budgets, we are increasing capital reserves further ensuring that sufficient central funds are available to support our priority commitments as they progress over the Assembly term.

Therefore, our resource reserves for 2017-18 are 1.7 per cent of the Resource DEL and Capital Reserves are 7.1 per cent of the Capital DEL, rising to between 30 and 34 per cent in subsequent three years. We are satisfied that these levels of reserves will enable us to manage risks and respond to unforeseen pressures, while giving individual Cabinet Secretaries funding certainty to begin planning and delivering the key commitments set out in Taking Wales Forward.

Communities and Children

For my portfolio this means additional funding (allocated and in reserves) for meeting the 20,000 Homes target and fulfilling the duty on Gypsy and Traveller sites; continued funding for the Intermediate Care Fund, the Rapid Response Adaptations Programme and the Safer Communities budgets; but reductions to Regeneration funding. I am seeking options to bolster the Regeneration budgets, including using the RIFW balances and income, and through the Autumn Statement consequential if they prove positive and the Cabinet Secretary for Finance and Local Government agrees. I provide more detail in the narrative below but some of the finer detail will need to await developments over the coming weeks and should be more concrete for Final Budget in December. The Fire & Rescue Services capital budget has increased by £300,000 to £1.3m in 2017-18 to support infrastructure development of the Emergency Services Network.

4. Programme for Government

This is a Budget to take Wales forward, to provide stability for our core services and to make progress in implementing our ambitious Programme for Government Taking Wales Forward 2016-21

Taking Wales Forward sets out how we will deliver more and better jobs through a stronger, fairer economy, improve and reform public services and build a united, connected and sustainable Wales and the development of four cross-cutting strategies:

- Prosperous and secure
- Healthy and active
- Ambitious and learning
- United and connected

These strategies will support *Taking Wales Forward* and enable us to use all the levers available to us to have the greatest impact and deliver the promise of the Future Generations Act. We are committed to providing an environment that encourages innovative delivery in the current environment and one in which prevention and early intervention feature prominently. Collaboration, partnership and efficiency across the public services are vitally important, as are challenging ourselves and our partners to use our collective resources to maximise the benefits of our collective endeavours. The Future Generations Act gives us, and other public bodies, a strong foundation to build on.

5. Key policies

Tackling Poverty

The Cabinet Secretary for the Economy and Infrastructure is responsible for the coordination of cross-cutting measures to promote economic opportunity for all. I am responsible for child poverty. Improving outcomes for low income households is the shared responsibility of every Cabinet Secretary and Minister.

There are a wide range of policies and programmes being taken forward across Government which seek to address poverty, including the Pupil Deprivation Grant, the Healthy Child Wales Programme and Programme for Government commitments such as the 100,000 apprenticeships and the new All Age Employability Programme.

Within my portfolio I am funding a programme of external engagement with key stakeholders and training, with the view to disseminating good practice on tackling child poverty, welfare reform and improving the outcomes of low income households. Working with external stakeholders is critical, as Welsh Government does not hold all of the levers around tackling child poverty.

In the first 100 days of Government we have already been delivering on our commitments to improve economic prosperity and tackle poverty in Wales. In particular, we have taken steps to protect the Welsh economy following the UK's

vote to leave the EU. The new Programme for Government will continue this strong focus on reducing inequalities and promoting prosperity.

Communities First

Communities First is a grant programme with a current BEL commitment of £31m. The context within which Communities First operates has changed considerably since 2001.

I outlined in my Oral Statement on the 11th October my proposed new approach to communities. In my statement I indicated that I am minded to phase out Communities First. I will not make a final decision until after a period of engagement. We are engaging stakeholders on our future approach, including the proposal to phase out Communities First and how we continue to deliver Communities for Work and Lift. We are seeking views on how we engage, support and strengthen communities through our new approach centred on further increasing the resilience of communities to promote opportunities for all.

I intend to focus on three key areas going forward: employment, early years and empowerment.

Employment offers the best, most sustainable way of escaping poverty, and is fundamental to a new approach to communities. We have made a major commitment to Lift and Communities for Work, and these important employment programmes will continue as planned. Across Government, we are working to promote prosperity for all. The creation of a generous childcare offer for working parents will help to remove one of the major barriers to employment, as well as providing long term benefits for our children.

ACEs are a major threat to well-being and economic prosperity. Tackling ACEs requires us to be smarter about earlier intervention in the lives of the very youngest members of our society. I do not underestimate the challenges of doing this, but if we want to break the cycle, we must shift more resources into prevention and protection.

Public Service Boards, established by the Wellbeing of Future Generations Act, offer a vital means of achieving more empowered communities. Local authorities also have a key role to play in finding ways to improve local communities' well-being, embedding integrated, collaborative, long-term and preventative approaches, while reflecting the full diversity of the communities they serve. I have begun discussions with a number of local authorities, supported by their PSBs, who are looking to develop more integrated, empowering approaches, about offering them the opportunity to pilot greater financial freedom and flexibilities. This approach will build on the work of the Cabinet Secretary for

Finance and Local Government to reform local government, ensuring greater participation in civil society and democracy.

The Welsh Government is committed to strengthening community provision of health and social care, where possible moving these away from hospitals and into communities. Schools and colleges also play a key role and we will pilot a new model of Community Learning Centres, extending community access to services, including childcare, parenting support, and family learning. We will promote the co-location and integration of services, building on successful models developed across Wales and beyond. We will develop a 'Made in Wales' approach to community assets. We will introduce measures to prevent unnecessary closures and to help communities take ownership of community assets where appropriate. Implicit within this, and indeed throughout our new approach to communities, is an important role for the Third Sector.

Welfare Reform

I am deeply concerned by the impact of the UK Government's welfare reforms and the implications for individuals, families and communities.

We are taking action to help people to manage the effects of the UK Government's welfare benefit changes. However, we cannot do this at the expense of our work to tackle the root causes of poverty by improving the life chances of children and increasing employability.

We will continue to do all we can to help people to cope with the impacts of these reforms:

- Providing people with a safe, warm and secure home is a key priority. This is why we have committed to an ambitious target of providing a further 20,000 affordable homes during this term of government. This target reaffirms my commitment to housing supply.
- For the same reason we remain committed to ensuring that all 221,000 existing social homes meet the Welsh Housing Quality Standard by 2020 and are maintained afterwards.
- We will bring forward legislation to end the Right to Buy which, if passed by the Assembly, will protect our valuable social housing stock from further decline and give social landlords the confidence to invest in building more.
- We fund a range of advice services to assist people on welfare rights, debt, housing and discrimination issues. These include particular support for families with children with disabilities and older people and carers to maximise their entitlement to income.
- We have provided extra support for those who need it via our Council Tax Reduction scheme, and emergency support through our Discretionary Assistance Fund.

- Our partnership with Local Authorities and Third Sector organisations to prevent people from becoming homeless will continue, building on the very encouraging early results of our new homelessness legislation.

For those who are able to work, we will continue our focus on helping people to secure and stay in employment. We are delivering this through our skills agenda and our employment and community initiatives including Communities for Work, PACE and Lift. A programme of work is in hand to assess the full implications of the change in arrangements for Housing Benefit in respect of Supported Housing. Similar action is in hand in respect of the costs of Temporary Accommodation, the funding of which has been devolved.

Whilst we continue to feel the impact of all these changes, we remain committed to using all available levers to reduce inequalities, improve prosperity and increase people's participation in the labour market. In some areas, we are making important progress: the number of people in employment is at a nearly record high and the number of workless households in Wales continues to fall.

Community Safety

The funding for the Safer Communities SPA has been kept at cash flat. This includes the Actions on Promoting Positive Engagement for Young People, Fire and Rescue Services, and Domestic Abuse.

The Promoting Positive Engagement for Young People (at risk of offending) funding supports projects aimed at diverting young people away from crime and anti-social behaviour and targets young people who are most at risk of offending. Embedding early intervention to prevent problems occurring, or getting worse, fits with the work being undertaken in relation to addressing adverse childhood experiences. The funding also supports the Enhanced Case Management project developed jointly with the Youth Justice Board Cymru. The funding on youth justice helps to break the cycle of disadvantage and inequality; develop positive behaviours through formative years and ensure young people reach key developmental milestones to attain jobs and wider good health and well-being

Children and young people from low income households are more likely to be involved in crime and anti-social behaviour, so continuing this funding and preventing youth crime will have a positive impact on the poorest communities in Wales. The preventative nature of the Youth Justice projects I fund allows collaboration, integration and involvement by devolved and non devolved areas. Addressing adverse childhood experiences will help reduce the burden on other Welsh Government services – Health, mental health, Social Services - whilst increasing the education and employment chances of the young people who have been helped. In the long term this will help ensure there are secure and supportive communities across Wales and young people reach their true potential as early as possible.

Community fire safety programmes aim to sustain the long-term reduction in the incidence and severity of fire. There is a particular focus on dwelling fires, which present the greatest threat to life, and on deliberately-set fires, which cause serious community concern in parts of Wales. The Fire and Rescue Authorities (FRAs) carry out home fire safety checks to provide comprehensive advice to at-risk households (e.g. older people, people with a disability and single parents) to minimise fire risk. This is augmented by the provision of equipment such as smoke alarms, fire-resistant bedding and (in the highest risk cases) portable sprinkler systems. Programmes to tackle arson and other fire-related crime include general information and awareness-raising activities, targeted in particular at young people, and more intensive diversionary interventions with known and likely offenders. FRAs work closely with the police and other agencies in this field.

In 2017-18 there is £5.4million available from the Domestic Abuse Services Grant. This funding allows Local Authorities and the specialist services to focus on implementation of the Act, including improving services for victims of abuse. Their work is assisted by the Supporting People Programme, which also provides funding to prevent domestic abuse and to help victims. An Equality Impact Assessment was carried out for the consultation on the National Strategy for Violence against Women, Domestic Abuse and Sexual Violence 2016-2021. Violence against women, domestic abuse and sexual violence is a fundamental violation of human rights, a cause and consequence of inequality and has far reaching consequences for families, children and society as a whole. The National Strategy sets out objectives which aim to eliminate all forms of violence against women, domestic abuse and sexual violence and, where necessary ensure that appropriate services are in place to support survivors.

Third Sector

Sustainability of public and other funding sources for Third Sector organisations will be a key issue in the future, particularly in relation to the exit from the EU and that is why I have maintained the budget at the 2016-17 level. In order to fully understand the impact on my portfolio and the Third Sector more generally, I will commission Third Sector Partnership Council to consider these issues over the coming year. I will also work with stakeholders to consider how we take forward the commitments contained in the Programme for Government to work with lottery distributors to invest in a large scale sustainability fund for voluntary organisations to grow and succeed.

As I have maintained the 2017-18 funding at current levels, I anticipate similar outcomes over the period of this grant. For example, 8,000 volunteering opportunities promoted; 4,600 volunteers (many with higher support needs) helped into volunteering roles; 4,500 people trained in good governance, fundraising, working with volunteers, all of which help community and voluntary

organisations to thrive. 900 Third Sector organisations helped to contribute to or be members of strategic planning groups (including influencing the design and delivery of public services).

During the summer, Third Sector Support Wales has carried out a strategic review of all its services in order to ensure sustainability and value for money. Changes include the rationalisation of support e.g. through the merger of two volunteering grant schemes and websites and through closer collaboration between organisations. All of this will contribute to efforts to ensure the help offered by Third Sector Support Wales is available in the longer term for local community and voluntary organisations to thrive.

The Third Sector as a whole will be likely to experience the impact of exit from the EU and in particular in relation to any reduction in funding. We will continue to engage with the Third Sector Partnership Council and other Third Sector networks in order to fully discuss and where necessary plan for the future. Where this impact falls on organisations which make up Third Sector Support Wales (WCVA and 19 CVCs) careful consideration will be given to the sustainability of the services they provide in the longer term.

Financial Inclusion

The funding for Advice Services and the Discretionary Assistance Fund is monitored extensively to ensure they are achieving positive outcomes for citizens most in need of support. Previous evaluations have demonstrated the positive impact these programmes are having and so I have maintained these budgets at 2016-17 levels.

Evaluations were published on Better Advice, Better Lives (BABL) on 25 November 2015 and the Front Line Advice Services Grant (FLASG) on 29 March 2016 which highlight the good work and recommend both projects are continued. During the period April 2015 – March 2016 the FLASG enabled organisations to respond to over 52,300 requests for information and advice, securing almost £14 million in income gains for the people they have supported. Since the start of this project in 2012, BABL has helped over 72,700 people bringing in confirmed gains of more than £66.5million. The evaluation noted that the BABL project has had a significant positive impact on those who access the services it supports with a large proportion of clients using the service suffering with mental health problems.

Since April 2013, the Discretionary Assistance Fund has supported more than 103,000 of the most vulnerable people in Wales with over £24 million in grants. In a recent Partner Survey, respondents indicated that the awards increased the ability to cope with short term living expenses, encouraged independent living, a better quality of life and the prevention of further problems for those awarded.

Sustainability continues to be a key issue for credit unions. Whilst credit unions are independent organisations, an officials led Credit Union Collaboration Group was established in 2016 to facilitate increased co-operation. Issues such as payroll deductions, sharing resources and the systems credit unions use can all contribute to this goal. Work is under way to support the growth and development of credit unions beyond March 2017.

The outcomes relating to financial inclusion work in 2017-18 will be aligned with the commitments set out in the Financial Inclusion (FI) Strategy to provide access to affordable credit and financial services, access to financial information, including debt advice and building financial understanding and capability. The Financial Inclusion Delivery Plan is currently in development and will be published by December 2016. The Financial Inclusion Strategy will be a key mechanism by which the new objective to support families living in poverty to increase household income is delivered.

A Welsh Language Impact Assessment was completed as part of the FI Strategy, published in March 2016. Financial information, including debt advice is available from a variety of sources – online, telephone and face to face. The FI Strategy promotes the development and roll out of an Information and Advice Quality Framework for Wales, which will include consideration of Welsh language service provision.

The value of financial inclusion activities, particularly information and advice as preventative measures can be seen in their growing strategic role in relation to health and social care, and in preventing homelessness, as well as financial management as a means of debt prevention. Timely and good quality independent advice can help people deal with their problems, take greater control of their lives, and potentially lead to less reliance on the state through preventing escalation of issues.

Increasing Housing Supply

Over the lifetime of this government, we will work in partnership to deliver an extra 20,000 affordable homes. Investing public money in building and refurbishing homes will contribute to national and local economies, creating and supporting jobs and training opportunities. House building creates thousands of apprenticeships every year, provides wider regeneration in deprived areas and delivers benefits for and can transform whole communities. I have been allocated more than £1.3bn over the term of this government in support of my housing priorities, of which £389m will be earmarked in reserves to support this commitment as plans are further developed.

Building more homes delivers important benefits beyond simply putting a roof over people's heads. Alongside the well documented health and education benefits that good quality housing provides for children and families, building

houses of all tenures has a significant positive impact on the Welsh economy and on our communities. According to HM Treasury figures the housing sector creates 21 jobs for every £1 million invested in building homes and 32 jobs for every £1 million invested in maintaining existing housing. House building creates thousands of apprenticeships every year, provides wider regeneration in deprived areas and delivers benefits for and can transform whole communities.

I am proposing to make it clear that our housing supply policy moving forward will explicitly acknowledge the commitment to support a variety of housing tenures in order to respond to a wider range of housing needs. Whilst the delivery of additional social rented properties will remain my central priority I would expect the balance of the programme to shift towards a broader range of interventions by the end of this term. The Programme for Government makes it clear that the target of an additional 20,000 affordable homes already includes 6,000 which will be delivered under the Help to Buy Wales scheme. This reflects the success of that scheme in providing a route into more affordable home ownership, especially for first time buyers.

In addition to my continuing support for Help to Buy, the Programme for Government makes clear our commitment to develop a Rent to Own product. Officials have started work to identify the right delivery model for Welsh circumstances. I will ensure the scheme is principally targeted at working individuals and families on middle incomes which aspire to buy their own home and can afford to meet monthly payments, but are unable to save the deposit required to acquire a home in the normal way.

I am concerned that there is a shortage of well managed and maintained homes in the Private Rented Sector. I need to examine whether we can work with developers to bring forward projects offering high standards at below local market rent. Officials are currently considering options for incentivising developments of this nature. I am also proposing to support developments which deliver long term benefits to the health and social care systems through joint working with housing providers.

Alongside the need to focus on delivery of the numerical target it is also essential that the house building programme reflects a long term view as to the impact of new homes. We need to be even more concerned about the design, location and energy efficiency of new homes if we are to build successful and sustainable communities. Research has already been commissioned on new models of housing that will help us address some of the key challenges we face including fuel poverty, carbon emissions and climate change.

The emerging evidence suggests that these new designs of homes can cost more to build than traditional housing in the short term but do provide wider benefits particularly to the tenants in the form of lower running costs. The planning assumption is that these costs should reduce in the medium to longer

term as more developers adopt the new designs. My estimates provide for 1,000 new design homes for this term of government recognising that most homes due to be built during the next two years will already have designs and planning consent agreed.

Historically, the most successful way of delivering affordable homes has been through the main Social Housing Grant (SHG) programme which delivers homes for the most vulnerable and in housing need. It relies on collaborative working with Registered Social Landlords (RSLs) and local authorities and was the principal contributor to the achievement of the target of 10,000 homes in the previous administration.

The Cabinet Secretary for Finance has ensured that I will, as planned, be able to expand the Housing Finance Grant (HFG) scheme under which RSLs borrow 100% of the cost of building new homes upfront, then repay this over 30 years. From April 2017 the SHG and HFG schemes will be combined for programme planning purposes, which will optimise available grant funding and sector capacity.

I am also proposing that The Welsh Housing Partnership, a partnership of housing associations in Wales, will contribute to the achievement of the target, as it did in the previous administration. The Partnership purchases properties and then leases them back to individual associations for a period of ten years.

Additional housing also plays a vital role in preventing homelessness, thus avoiding the significant additional costs which can fall upon local authorities as a result of having to utilise more expensive temporary accommodation and the negative impacts of homelessness which can be physical and mental.

The development of new affordable housing with increased energy efficiency measures will reduce fuel poverty. Reductions in budgets would impact my ability to develop homes of innovative design which will be more energy efficient and capable of adapting to a changing climate.

Housing costs constitute the most important and most direct impact of housing on poverty and material deprivation – approximately 72% of social housing is let to those on benefits. As part of the landlord services they provide, housing associations help and support to their tenants through benefit advice and by supporting community initiatives. Existing and new homes are also well insulated which helps reduce energy bills, helping to tackle fuel poverty.

Investment in the existing social housing stock

Major Repairs Allowance is allocated to ensure the Welsh Housing Quality Standard is met by 2020 and maintained afterwards. This investment levers in approximately four times this amount from landlords and as described above,

provides significant jobs and training opportunities in local communities. Figures released on 6 October 2016 show that, at the end of March 2016, 79% of all social housing met WHQS, a rise of 8 percentage points on the previous year. I am working closely with social landlords to ensure the Standard is met and this includes the requirement for 30 year business plans and regular monitoring visits.

A community benefits approach to procurement maximises our investment. Latest data from Value Wales shows 191 Measurement Tools have been returned recording contracts with a value of £452m. 82% of that amount has been reinvested in Wales. 777 disadvantaged people were helped into employment or training. Nearly 20,000 weeks of accredited training was provided.

Because of the huge investment we have made in the existing social housing stock, I also plan to protect it through my proposal to end the Right to Buy. A new Bill will be introduced in the first year of our legislative programme. This will also give social landlords the confidence to invest in building new homes.

Investment in good quality housing has a direct impact on people's health and well being, significantly helping to reduce pressure on health and social services budgets and services. It also has a strong link to educational attainment with 25% of children in substandard housing gaining no GCSEs. In comparison, the figure is 10% for children who do not live in substandard housing. Every £1.20 spent on decent homes saves the taxpayer £1.80 on the cost of young people not in employment, education or training. It also enables significant jobs and training opportunities to be delivered through a community benefits approach.

Homelessness

2017-18 is the 3rd year of the transition to the new homelessness legislation, which was introduced by Part 2 of the Housing (Wales) Act 2014. The additional cost of the legislation for the 3rd year was estimated as £1.9 million. The assessment was made as part of detailed work undertaken for the Housing Bill and published in the Explanatory Memorandum / Regulatory Impact Assessment. The intention is to make additional funding available to local authorities in line with this need. This, together with projects funded by the Homelessness Prevention budget, which has been maintained at £5.9 million, will enable Local Authorities and their local and national partners to build on the very encouraging results on prevention, which have been seen in the first year of the new legislation.

An independent evaluation of the legislation has been commissioned and a new prevention statistic agreed and is operating. Officials are also having regular discussions, with, and reviewing, local practice with stakeholders to identify any needs for further developments. These include, for example, the piloting of short training sessions to familiarise Social Services staff with the homelessness duties

on local authorities and to explain how people who are at risk of becoming homeless can be helped to prevent homelessness.

A National Model Pathway to prevent ex-offenders from becoming homeless upon release from custody has been developed and is being implemented by devolved and non-devolved organisations working in partnership. There are encouraging signs of how it's working from partners' initial monitoring of its operation. Arrangements are also being finalised to commission an independent review of the Pathway.

Supporting People Grant

The programme continues to be developed with the funding available (cash flat budget for this financial year 2016-17) to ensure it is used to best effect. The support is commissioned by Local Authorities with the involvement of Regional Collaborative Committees as they are best placed to identify local needs and priorities. Key expectations include closer working links between the programme and statutory homelessness services, with programmes such as Families First, health services and, via Regional Partnership Boards, with Social Services Departments. Outcomes data is collected and reported. Officials continue to undertake reviews of the management of the programme by each local authority. The programme's impacts – and benefits – in helping to reduce demand on the NHS have been evaluated through two projects – the Vale Dispersed Housing Project and the SAIL database. The latter, which links anonymised data from the programme with NHS data, is now being expanded to cover the whole of Wales.

Regeneration

The regeneration programme is an important mechanism to deliver and add value to our wider ambitions, such as the work of the Valleys Taskforce, the Metro and the City Deals. Forging these links and adding value to these major investments is a key aim of our regeneration programme. Now, more than ever, we need a clear and purposeful vision to support the economic regeneration and well-being of our communities.

Our towns and cities need to be diverse; they are places where people live, work, shop and socialise. It is important to encourage and support diversity. We need people to live and work in town centres as it adds vibrancy and important footfall and it is a catalyst to support wider activities.

Vibrant and Viable Places (VVP) is the current regeneration framework which includes our flagship capital regeneration programme with a £124 million investment in 18 communities over the past 3 years. This programme has been the main driver for regeneration activity in Wales. VVP is delivering 2,000 jobs, supporting 9,000 people into work, building 1,000 affordable and 2,000 market

homes. From our investment, £300m has been levered in from private and public sector partners.

The budget has reduced by £47.728m, from £62.608m to £14.880m in 2017/18 and similar amounts in subsequent years. This includes Targeted Match Funding for European funded projects, including Building for the Future. To mitigate the reduction, I will work with the Regeneration Investment Fund for Wales board to ensure monies currently held by the Fund will be released as soon as possible as contributions towards a regeneration programme. I also aim to invest further in this area, if more capital becomes available through the Autumn Statement.

Care & Repair Agencies and Home Adaptations

The budget which provides core funding for Care & Repair Agencies has been protected this financial year. The intention is to do the same next year in order to protect front-line services. The agencies play a key role in delivering adaptations to people's homes. These prevent falls, the injuries from which can result in admission to hospital, and they can also help earlier discharge after a stay in hospital by ensuring a safe and manageable home environment. The work of the agencies and what they deliver is monitored. They are playing an integral part in the enhanced adaptations system. A new data collection tool has been developed and piloted and is in process of being rolled out – this will collect data on all adaptations delivered not just Disabled Facilities Grants, which is only one of a number of programmes delivering adaptations yet is the only reported statistic.

Improvement in Conditions (HILs & HtoH)

No additional funding has been requested for these schemes and the focus is on ensuring the existing funding is used effectively. Quarterly returns are completed by local authorities to monitor the financial status of the Houses into Homes/Home Improvement Loans repayable funding. This has been expanded to include the Houses into Homes grant funding. A draft evaluation return for the schemes has been piloted with the local authorities. This will be reviewed following feedback from the local authorities and will be issued quarterly once the format is agreed.

An independent evaluation of the grant funded element of Houses Into Homes was undertaken after 3 years of operation. The recommendations contained in the evaluation are currently being considered for implementation along with a number of changes to the Home Improvement Loan scheme. The changes will ensure take up of both schemes is maximised. As part of the changes I am considering a new target for Empty Homes Brought Back into Use. I am working closely with the steering group who are looking at amending the existing performance indicator to more accurately reflect the current status.

Tenant Participation

As a result of research commissioned by us, the arrangements for supporting tenant participation have been improved. This year and for the past several years, core funding has been provided to two separate tenant organisations (Tenant Participation Advisory Service and Welsh Tenants A competitive grant award opportunity has been offered and applications are currently being assessed with a view to awarding a two year grant (£150,000 per year) to develop and implement a more effective approach. The two year award will allow time to test out and evaluate the new approach to inform future funding and developments,

Equality and Inclusion

Equalities in a fundamental driver and integral element of the E&I programme. The programme consists of support across protected characteristics as defined in the Equality Act 2010 and the equality objectives as detailed in our Strategic Equality Plan. A consultation on the future arrangements of the E&I funding programme was completed in 2015 and responses, that included the need for funding to cover protected characteristics and equality objectives, were incorporated into the design of the new programme.

The E&I Programme supports the tackling poverty agenda, and officials are working to ensure that the tackling poverty, equality and children's rights agendas dovetail. Evidence shows that people with particular protected characteristics, who either will be recipients of services or who will ultimately benefit from the creation of policy arising out of advisory services, are more likely to be living in poverty, e.g. disabled people and families with disabled members.

The E&I Programme will contribute towards the aims of the Equality Objectives which will contribute to the maximising our contribution to the Well-being Goals, in particular the well-being goal, 'a more equal Wales' which includes reference to socio-economic inequalities and the goal of 'a Wales of cohesive communities'.

Furthermore, the E&I Programme:

- supports the long term needs of people with protected characteristics;
- helps prevent longer term problems by picking up the issues that affect people with protected characteristics at an early stage in policy making;
- sees us working in collaboration with organisations with the aim of achieving the Well-being goals;
- enables involvement of people with protected characteristics in achieving the Well-being goals.

Community Facilities

The budget for the Community Facilities Programme will be reduced from £10.95 million in 2016/17 to £2 million in each of 2017/18 and 2018/19. Indicative budgets for 2019/20 and 2020/21 show a further reduction. I will continue to consider priorities going forward including the opportunities presented by additional capital funds arising from the Autumn Statement.

6. Legislation

Acts, and Bills where RIA published	Budget Action Title	RIA estimate for costs in 2017-18	Costs in 2017-18 if different to RIA estimate
Communities and Children			
Housing (Wales) Act 2014	Homelessness	1,900,000	
	Communities and Tackling Poverty (Gypsy and Traveller Sites)	5,000,000	3,300,000
Local Government			
Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015	Domestic Abuse	331,500	

Homelessness

As set out above, 2017-18 is the 3rd year of the transition to the new homelessness legislation, which was introduced by Part 2 of the Housing (Wales) Act 2014. The additional cost of the legislation for the 3rd year was estimated as £1.9 million.

Improving the Private Rented Sector

There is continuous dialogue with Cardiff City Council as the designated licensing authority for Rent Smart Wales (Part 1 of the Housing (Wales) Act 2014) on its implementation. This will identify where additional investment e.g. the support provided this year from the Welsh Government for communications activity, is both sensible and helpful to the implementation of the legislation.

The Renting Homes (Wales) Act 2016

Action to implement the Renting Homes (Wales) Act 2016 is focused on an extensive programme of secondary legislation. There are no additional costs to incur in 2017-18.

Gypsy and Traveller Sites

The Housing (Wales) Act 2014 introduces new duties on local authorities to properly assess the mobile home pitch needs of Gypsies and Travellers and then ensure sufficient sites are created. Prior to April 2014, no local authority Gypsy and Traveller sites had been opened in Wales since 1997. Since April 2014 and through increased funding we have opened two new sites and extended 5 more through our Sites Capital Grant funding, creating an additional 40 pitches.

Under Part 3 of the Housing (Wales) Act 2014 (“Act”), local authorities must undertake a Gypsy and Traveller Accommodation Assessment (“GTAA”) for those residing in or resorting to their area. On completion of their GTAA, local authorities must prepare a report for submission to, and the approval of the Welsh Ministers. A business case was developed through close reference to emerging GTAAs and regular dialogue with Local Authority officers to ensure demand for capital funding is considered robustly.

As a result of the initial business case, a £29m requirement between 2014/15 and 2019/20 was noted in the Wales Infrastructure Investment Plan to ‘top-up’ the annual Sites Capital Grant baseline budget of £1.5m per annum. In total, this was due to provide a fund of £36.5m until the end of 2019/20, including £5m in 2017/18. A recent revision of the business case, to take account of new GTAAs and timing of developments, has indicated a need for £26.4m between 2017/18 – 2020/21, including £3.3m for 2017/18. This investment should ensure approximately 200 pitches are provided by 2021.

Domestic Abuse

The Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 came into force in April 2015. A total of £582,450 has been allocated to implement Act which includes:

- the implementation of the National Training Framework,
- statutory guidance on a number of issues;
- the funding of the National Advisor and
- Publicity.

The National Training Framework was published on 17 March 2016. As part of the Framework, Welsh Government is funding the development and delivery of training for Ask and Act, currently being piloted in 2 Adopter sites, through Welsh Women’s Aid over the next 5 years. The National Strategy is a requirement of the Act and this will be published on 4 November. It will be underpinned by a detailed delivery plan which will outline activities within the strategy and, alongside

national indicators, will enable us to monitor whether we are achieving the objectives set out within the strategy.

Rhian Bowen-Davies took up her post as National Adviser for Violence against Women, Domestic Abuse and Sexual Violence, the first of its kind in the UK, on 28 September 2015; a post that is set for an initial term of three years.

Carl Sargeant
Cabinet Secretary for Communities and Children

COMMUNITIES AND CHILDREN MAIN EXPENDITURE GROUP (MEG)

RESOURCE BUDGET - Departmental Expenditure Limit					
SPA	Actions	BEL Title	2015-16 Final Outturn £000's	2016-17 Forecast Outturn £000's	2017-18 Draft Budget Allocations
Relevant parts of: Enabling Children and Communities	Prevention and Early Intervention	Prevention and Early Intervention	160,788	155,533	154,383
	Financial Inclusion and Third Sector	Support for the Voluntary Sector/Volunteering	6,800	6,125	6,125
		Financial Inclusion	13,349	13,927	13,927
			180,937	175,585	174,435
Safer Communities	Fire and Rescue Services	Fire & Rescue Services	5,498	4,299	4,299
		Community Fire Safety	1,093	848	848
	Domestic Abuse	Domestic Violence Services Grant	4,313	4,500	4,500
	Promoting Positive Engagement for Young People	Youth Justice Services	5,165	4,420	4,420
	Total Safer Communities		16,069	14,067	14,067
Equality and Inclusion	Equality and Inclusion	Community Cohesion	186	200	200
		Equality	2,311	2,034	2,034
	Total Equality and Inclusion		2,497	2,234	2,234
Housing Policy	Supporting People	Supporting People	124,025	124,488	124,488
	Homelessness Prevention	Homelessness Prevention	11,793	5,907	5,907
	Independent Living	Independent Living	5,662	5,159	5,159
	Total Housing Policy		141,480	135,554	135,554
Homes and Places	Increase the Supply and Choice of Affordable Housing	Housing Bond	4,022	4,100	7,700
		Housing Revenue Funding	290	1,073	1,073
	Regeneration	Regeneration	4,026	2,040	2,540
		Cardiff Harbour Authority	6,228	6,790	6,790
	Total Homes and Places		14,566	14,003	18,103
	Total Resource - Communities		355,549	341,443	344,393

CAPITAL BUDGET - Departmental Expenditure Limit					
SPA	Actions		2015-16 Final Outturn £000's	2016-17 Final Budget £000's	2017-18 Draft Budget Allocations
Communities and Tackling Poverty	Communities and Tackling Poverty	Gypsy Traveller Sites	3,576	2,000	3,301
		Community Facilities Programme	3,227	10,950	2,000
	Total Communities and Tackling Poverty		6,803	12,950	5,301
Safer Communities	Fire and Rescue Services	Fire & Rescue Services	694	1,000	1,300
		Community Fire Safety	670	670	670
	Domestic Abuse	Domestic Violence Services Grant	1,165	969	969
	Total Safer Communities		2,529	2,639	2,939
Housing Policy	Independent Living	Rapid Response Programme	1,641	5,641	5,660
	Intermediate Care Investment Fund	Intermediate Care Investment Fund	- 271	10,000	10,000
	Total Housing Policy		1,370	15,641	15,660
Homes and Places	Achieve Quality Housing	Major Repairs Allowance and Dowry	104,200	108,000	108,000
		Housing General Support	37,470	37,470	0
		Renewal Areas	7,162	8,029	0
		Home Improvement Loan Scheme	13,000	0	0
	Increase the Supply and Choice of Affordable Housing	Social Housing Grants	95,744	64,534	69,432
		Land for Affordable Housing	19,244	10,000	10,000
		Extra Care	0	4,301	4,301
	Increase the Supply and Choice of Market Housing	Help to Buy Cymru Fund & other schemes	71,000	26,310	103,337
	Regeneration	Town Centre Regeneration	5,000	10,000	2,595
		General Capital Fund	10,888	10,888	0
	Regeneration	43,479	62,608	14,880	
	Total Homes and Places		407,187	342,140	312,545
	Total Capital - Communities and Children		417,889	373,370	336,445

RESOURCE BUDGET - Annually Managed Expenditure					
SPA	Actions	BEL Title	2015-16 Final Outturn £000's	2016-17 Final Budget £000's	2017-18 Draft Budget Allocations

Safer Communities	Fire and Rescue Services	Fire Service Pensions	26,125	32,627	31,389
	Total Safer Communities		26,125	32,627	31,389
	Total AME - Communities and Children		26,125	32,627	31,389

CAPITAL BUDGET - Departmental Expenditure Limit						
SPA	Actions	BEL	2017-18	2018-19	2019-20	2020-21
Communities and Tackling Poverty	Communities and Tackling Poverty	Gypsy Traveller Sites	3,301	9,816	8,300	5,000
		Community Facilities Programme	2,000	2,000	517	419
	Total Communities and Tackling Poverty					
Safer Communities	Fire and Rescue Services	Fire & Rescue Services	1,300	1,200	1,500	1,000
		Community Fire Safety	670	670	670	670
	Domestic Abuse	Domestic Violence Services Grant	969	969	969	969
	Total Safer Communities		2,939	2,839	3,139	2,639
Housing Policy	Independent Living	Rapid Response Programme	5,660	5,660	5,660	5,660
	Intermediate Care Investment Fund	Intermediate Care Investment Fund	10,000	10,000	10,000	10,000
	Total Housing Policy		15,660	15,660	15,660	15,660
Homes and Places	Achieve Quality Housing	Major Repairs Allowance and Dowry	108,000	108,000	108,000	108,000
	Increase the Supply and Choice of Affordable Housing	Social Housing Grants	69,432	35,959	15,704	15,793
		Land for Affordable Housing	10,000	10,000	10,000	10,000
		Extra Care	4,301	4,301	0	0
	Increase the Supply and Choice of Market Housing	Help to Buy Cymru Fund & other schemes	103,337	88,748	63,067	34,700
	Regeneration	Town Centre Regeneration	2,595	0	0	0
Regeneration		14,880	11,921	13,662	11,808	

	Total Homes and Places		312,545	258,929	210,433	180,301
	Total Capital - Communities					

Housing - In Reserves

49,777 137,778 107,515 94,354