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Ysgrifennydd y Cabinet dros Gymunedau a Phlant
Cabinet Secretary for Communities and Children

Y Pwyllgor Cydraddoldeb, Llywodraeth Leol a Chymunedau
Equality, Local Government and Communities Committee
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John Griffiths AM
Equality, Local Government and Communities Committee
National Assembly for Wales
Cardiff Bay



Llywodraeth Cymru
Welsh Government

30th November 2016

Dear John

Thank you for your letter of 17 November asking for further explanations on some matters following the Committee meeting on 9 November.

Communities First

In my statement on resilient communities on 11 October, I signalled that I was minded to close Communities First. Since then we have begun a broad programme of engagement on the new approach to building resilient communities, including detailed consideration of the impact on people, communities, community buildings and other organisations. As part of our engagement process, we are working closely with delivery partners to gain an understanding of the implications of any decision.

The engagement programme will provide a broad evidence base to inform my decision. There has already been a considerable response to “Talk Communities”, our online survey, and we are drawing on the expertise of the WCVA to ensure we understand how any potential changes to Communities First might impact on Third Sector organisations and individuals.

I cannot pre-empt the outcomes of the engagement programme so I am unable to provide firm budgets and plans at this stage. I will make a further statement in January, or February at the latest, after the first phase of engagement has concluded in the New Year.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Within my plans for 2017-18, I have £34.9m available for community purposes, as part of the Prevention and Early Intervention BEL. The community purposes budget covers Communities First, Communities for Work, Lift and other communities related activities.

Communities for Work and Lift

Supporting prosperity through increasing the employability of those furthest from the labour market in our most deprived communities is a priority. This is supported through both the Lift and Communities for Work Programmes. Together these programmes support people facing significant, and often multiple barriers that prevent them taking up training or employment opportunities; they have a particular focus on workless households, those who are long term unemployed or economically inactive. Lift is being delivered in 12 Communities First Clusters and Communities for Work in all 52 Clusters. I have made clear my commitment to these programmes continuing.

As at 31 October, the Lift Programme had provided 3,919 training and employment opportunities to people from workless households, including 800 people supported into employment. Lift is ahead of expectations at this stage and is on track to reach its overall target of providing 5,000 opportunities by the end of December 2017. Within the Prevention and Early Intervention BEL, I have funds available of £1.3 million in 2017-18 for the continuation of the Programme.

As at 21 November, Communities for Work has engaged with 4,607 participants, with 809 participants securing employment. There were some early delays in the implementation of Communities for Work but these have since been overcome. In 2017-18 we expect to engage with 11,613 participants and support 2,692 into employment. Within the Prevention and Early Intervention BEL, I have funds available of £5.925 million for 2017-18 for the continuation of the Programme, with EU funding of a further £9.847 million.

You asked for further details on Children's Zones as they emerge and I am happy to provide these as plans develop.

Regeneration

Regeneration continues to be important for this Government and complements other work including City Deals, Growth and Enterprise Zones, Metros and the Valleys Taskforce. Whilst the indicative budget has reduced I am confident that a significant regeneration programme will be retained. We are working to ensure monies currently held by the Regeneration Investment Fund for Wales (RIFW) will be released as soon as possible to contribute towards a new regeneration programme. I am also exploring other opportunities to add to this budget ahead of final budget stage.

Welfare Reform

The UK Government announced in December 2015 that it would consider giving more responsibility to local authorities in England, and to the Welsh Government, to support older people with care needs – including in the future those who would otherwise be supported by Attendance Allowance. The UK Government has consulted on the implementation of commitments relating to 100% business rates retention for councils in England. The consultation, published on the 5 July 2016, sought views on a variety of options for devolving new responsibilities to local government in England, including more responsibility for caring for older people. The consultation closed on the 26 September 2016.

The UK Government is committed to working closely with the Welsh Government to ensure the implications of any reforms, for devolved administration services or budgets, are properly understood and have stated that they would consult further, in good time, if changes are proposed in this area. I am awaiting any further communication from the UK Government on this matter following the closure of the consultation .

Financial Inclusion

There is no specific allocation to support the Delivery Plan because different funding streams will contribute to delivering it. All of the £13.927m allocated to financial inclusion activities in respect of Advice Services, Discretionary Assistance Fund and Credit Unions will help support the implementation of the Financial Inclusion Delivery Plan.

Community Facilities Programme

The Community Facilities Programme has funded projects right across Wales; in 21 of the 22 local authority areas. The CFP has awarded grants to small and large projects. The small projects include £31,996 to the Friends of Llanfairfechan Library in Conwy to help the community take over the running of the library and safeguard its services and £52,800 to Newport Credit Union towards the costs of moving to better premises allowing it to expand its vital services to more people. Larger projects include £500,000 towards the renovation and extension of the Ask Centre in Rhyl which houses Denbighshire CAB, and is creating a community food bank and IT suite which aims to improve economic outcomes for users. Another £500,000 grant was awarded to Emmaus South Wales, a Bridgend based charity which provides communal accommodation, training and work placement opportunities to formerly homeless people which help to re-integrate them into their communities.

There has not yet been an evaluation of the CFP as it is still quite early in the life of the programme. However, monitoring visits carried out to completed projects indicate that the facilities are well used and sustainable into the future.

In terms of the impact of the reduction in funding allocation, this is straightforward; the scheme will be able to fund fewer new projects in the future. I have already said that difficult choices will need to be made and this is one. Only the very best applications can expect to attract CFP funding in the future.

Community Safety

The National Advisory Group on Violence Against Women, Domestic Abuse and Sexual Violence met on the 9th November and I tasked members with forming a group to take forward work to develop a sustainable funding model for Wales. As part of this work the Welsh Government Cross-Government group is conducting an exercise to determine the levels of funding from across policy areas that contributes to delivering the commitments in the Act.

Rhian Bowen-Davies the National Adviser will be leading the work to develop a sustainable funding model for Wales which will take account of funding coming into Wales via other routes. This will include an assessment of Home Office funding as well as money allocated via Police and Crime Commissioners and Ministry of Justice.

My officials are working to identify the existing funding streams for activity in Wales. This will help us understand how funding is allocated and where Welsh Government can influence UK funding decisions so as to ensure Wales benefits from any England and Wales initiatives to support this agenda.

I anticipate that work on the sustainable funding model will take some months to complete and I have therefore agreed that Local Authorities and Health Boards in Wales can move to a regional structure from 1 April 2018. This will ensure that we can build a funding model for Wales which directs funding where it is needed most, supports services to ensure that they are able to provide services to victims and survivors and enables work to progress in relation to prevention activity and working with perpetrators to begin to break the cycle of abusive behaviour. A key element of this will be delivering healthy relationships education in schools and to young people and learning how we can impact positively to alleviate the impact of adverse childhood experiences.

The Welsh Government has long argued that youth justice should be devolved in Wales. The youth justice system is one of the few key areas of policy relating to children and young people which is not devolved to Wales. The Charlie Taylor review makes several recommendations; key among them is the abolition of the Youth Justice Board, the implementation of legislation to remove the requirement for local authorities to establish Youth Offending Teams (YOTs) and to transfer statutory duties to Local Authorities and the creation of secure schools.

We already have a number of YOTs in Wales that are integrated with the Youth Service and we recognise the value and role of youth work provision in Wales. A more joined up approach has the potential to bring efficiencies and benefits across Local Authorities.

Funding to prevent and deter young people from offending and reoffending are funded from the Community Safety Division through the Promoting Positive Engagement for young people at risk of offending funding line. This funding was started in 2003 (Initially called the Safer Communities Fund and then in 2013 the Youth Crime Prevention Fund) and indicative funding has been agreed for 2017-18 subject to confirmation of the final budget allocations for 2017-18.

Further consideration of the utilisation of the Promoting Positive Engagement funding line will be given along with other funding streams within the Welsh Government once the detail of the outcomes of the Charlie Taylor Review and the UK Government's response to this are known.

Rural Housing

I can confirm there will be an allocation to support the work of Rural Housing Enablers included in the draft budget through the Homes and Places revenue funding.

Sustainable Housing

I am also committed to supporting sustainable housing models. Recent research commissioned from the Welsh School of Architecture has highlighted a range of innovative practice in this area on which I want us to build. Our intention is that 1000 of the additional affordable homes we have planned should be based on new techniques and models.

The details are still being developed but I want us to encourage innovation and I want to see an even greater commitment to developing homes that are cheaper to run. A new approach to meeting the needs of the under 35s, key workers and the homeless is also high on my agenda.

There will be a conference early next year for all those involved in developing and delivering homes where they will hear from those already building new models. My officials will be working with the sector on the detail but I am determined that existing practice will change. This is an area where we need to take a much longer term view and challenge conservative and outdated thinking.

Help to Buy

The majority of transactions in Fund I of the Help to Buy – Wales scheme fell under the price of £225,000 with activity of the top 5 developers driving 42% in the £125,000 - £175,000 category and 30% in the £175,000 - £225,000 category.

Data collected from the same developers during the design phase for Fund II of the scheme suggested of forecast activity, only 6% would fall outside of the current £300,000 price cap.

The latest published official statistics continue to highlight strongest demand in the £150,000 - £175,000 category at 23.1% of all sales.

The total number of completed purchases is set out below.

Total Number of Completed Purchases to 31 October 2016, by Property

Numbers/Percentage

Purchase Price	Cumulative legal completions	Percentage of total legal completions
£50,000 - £100,000	61	1.5
£100,001 - £125,000	340	8.1
£125,001 - £150,000	714	17.1
£150,001 - £175,000	966	23.1
£175,001 - £200,000	853	20.4
£200,001 - £225,000	446	10.7
£225,001 - £250,000	422	10.1
£250,001 - £300,000	378	9.0
Total	4,180	100.0

Source: Help to Buy (Wales) Ltd

A cap of £300,000 allows for purchases of properties above the latest (2015) simple average new build purchase price of £201,000. This allows flexibility for the scheme to continue to reflect any increases in the average new build purchase price. It has sufficient potential to provide the required economic stimulus, satisfies the strategic objectives of increasing supply (without distorting the market), and will help ensure that the Welsh housing market remains competitive. The cap has been successfully used to date and our key stakeholders believe it to be the most appropriate level for the Welsh market.

I am currently content that this threshold reflects the objectives of the Help to Buy – Wales scheme and supports those people seeking to purchase properties in the way we originally intended.

If house prices continue to rise, this cap could begin to exclude a larger part of the new build market in Wales, irrespective of house type. Alternatively if the funding available through Phase II of the scheme is used more quickly than anticipated the cap could be reduced to control or limit investment. Therefore, I do not propose that any amendments are made to the cap at this stage. However, my officials are tasked with ongoing monitoring of scheme ‘run-rates’ and I will review the price cap annually to ensure the scheme remains relevant as market conditions change.

Rent to Own

A Steering Group will be set up in early 2017 to oversee the development of the Rent to Own Scheme. The scheme will be open to people aiming for home ownership but without a deposit at the outset. We will be engaging extensively with stakeholders on the details of this scheme and I would be pleased to brief the Committee further in due course.

Independent Living

We have worked closely with delivery partners, including local authorities, housing associations and Care & Repair agencies, to improve the way in which adaptations are delivered and monitored. We have developed and will introduce a standard approach to monitoring and reporting the delivery of all adaptations, not just Disabled Facilities Grants. A data collection tool has been trialled during the development process. We have agreed with partners the extent to which data can be compiled and delivered this year (2016-17). This will form the basis for full monitoring during 2017-18. We will use data collected this year to assess whether further refinements are necessary during 2017-18, including whether specific target timescales should be set for delivery of the three classifications of adaptations – small, medium and large.

Yours sincerely

A handwritten signature in black ink that reads "Carl Sargeant". The signature is written in a cursive style with a large, sweeping initial 'C'.

Carl Sargeant AC/AM

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Cabinet Secretary for Communities and Children