

Communities, Equality and Local Government Committee

Date: 9 October 2014

Time: 13.00am to 14.30pm

Title: Evidence paper on the Draft Budget: 2015-16: Minister for
Communities and Tackling Poverty

1. Introduction

This paper provides comments and information to the Committee regarding the Communities and Tackling Poverty (CTP) portfolio and future programme budget proposals outlined within the Draft Budget which was laid on 30 September 2014. These proposals reflect the present extent of the portfolio, including Housing and Regeneration.

As requested by the Committee, Annex A provides a breakdown of the Draft Budget figures for the CTP Major Expenditure Group (MEG), by Action and by Budget Expenditure Line (BEL) within each Action

2. Background

Compared to the indicative plans published at Final Budget 2014-15 the total DEL allocation for the CTP MEG has increased by £20.54m in 2015-16 to £737.444m, which is a result of the Machinery of Government changes which took place in September 2014.

There is a decrease in Resource DEL of £11.46m in 2015-16 to £342.024m. There is an increase to the capital budget of £32m in 2015-16 to £395.42m to support the priorities in the Wales Infrastructure Investment Plan.

The following tables show the overall effect on the CTP Departmental Expenditure Limit (DEL) baseline budget.

Summary Financial Tables:

CTP MEG	2014-15 Supp. Budget £000	2015-16 Indicative Plans Final Budget £000	2015-16 Changes £000	2015-16 New Plans Draft Budget £000
Resource DEL	353,933	353,484	-11,460	342,024
Capital DEL	386,820	363,420	32,000	395,420
DEL Baseline	740,753	716,904	20,540	737,444

The awards address key portfolio priorities as well as support our key themes of tackling poverty and supporting jobs and growth. The capital additions are for the following key schemes:

Scheme	2015-16 £000
Affordable Housing Land Scheme	10,000
Houses into Homes	10,000
Town Centre Loan Scheme	5,000
Home Improvement Loans	5,000
Gypsy and Traveller Sites	2,000
Total	32,000

£30.0m of the awards relate to financial transaction funding and £2.0m is funded from traditional capital funding.

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

Supporting Communities and People	2014-15 Supp. Budget £000	2015-16 Indicative Plans Final Budget £000	2015-16 Changes £000	2015-16 New Plans Draft Budget £000
Resource DEL	229,096	226,847	-11,217	215,630
Capital DEL	378,820	361,420	27,050	388,470
DEL Baseline	607,916	588,267	15,833	604,100

3. Budget Overview

In drafting our budget proposals for 2015-16, we have adopted an outcomes-based approach, ensuring our proposed funding allocations reflect our overarching *Priorities for Wales*. Our policies and interventions are at the heart of the Welsh Government's aim to enable all people in Wales to live in a safe and warm home, in a viable and vibrant community. The portfolio makes a strong contribution towards health and wellbeing, growth, jobs and training, educational attainment, and supporting children, families and deprived communities. We work with an overarching emphasis on tackling poverty by working collaboratively with our partners to improve the futures of communities across Wales.

4. Programme for Government

The Department has a number of specific priorities which reflect and support the delivery of the Programme for Government:

- tackling poverty and promoting community resilience including the Communities First Programme;
- mitigating the impact of welfare reform;
- increasing financial and digital inclusion, including Advice Services, Credit Unions and the Discretionary Assistance Fund;
- supporting families and children, in particular through Flying Start and Families First;
- supporting the development of the Third Sector, enhancing its strategic relationship with Government and sustaining its ability to contribute to community cohesion and tackling poverty;
- increasing the supply of affordable housing in Wales;
- increasing the quality of the housing stock in Wales;
- enabling more people to remain in their own homes for longer, and free up pressures on our health and social service portfolios;
- developing vibrant, viable and safe communities for the people of Wales to live in, enjoy and contribute to their longer term well being and prosperity; and
- promoting equality and inclusion and the rights of children and young people.

The budget settlement will enable us to continue to make progress towards our Programme for Government (PfG) commitments. We are making excellent progress towards delivering 10,000 affordable homes in Wales over this Assembly term with 4,474 delivered in the first two years of this government. At the same time we have had to be clear on our priorities particularly given the pressures on major budgets such as the Supporting People programme. We have begun the process of exploring the implications of these allocations with

our delivery partners highlighting in particular the priority accorded to our PfG commitments

Budget allocations have drawn heavily on evidence drawn from research and evaluation programmes. We are placing an increasing emphasis on Results Based Accountability (RBA) which is driving the way in which we work more generally. The Supporting People Longitudinal Study will be a source of independent research enabling us to evaluate the achievements of the programme and develop our understanding of its short and long term impact on the people and communities of Wales. We are also developing a more strategic approach to evaluating how we deliver on health learning and poverty outcomes right across the portfolio. This will include closer integration of programmes previously developed within separate Ministerial portfolios.

Delivery of commitments and their associated outcomes is monitored as we progress through the year. This includes meetings with key delivery partners including Local Authorities, Communities First Clusters and housing associations as well as my regular meetings with officials. We report on progress in the Programme for Government Annual Report. Evaluations are undertaken periodically and as appropriate in order to ensure the desired outcomes are being achieved and the investments are delivering value for money.

5. Key policies

Tackling Poverty

The contribution to Tackling Poverty was an explicit factor in deciding the changes to be made between the indicative budget for 2015-16 and the draft budget. The impact on socio-economic disadvantage was considered as part of the Integrated Impact Assessment of the budget. The Departmental Chapters in the Integrated Impact Assessment contain more information about how the impact on poverty has been taken into account in each portfolio.

There is a strong emphasis on ensuring that the right priorities are the focus of sustained attention to improve outcomes for low income families. An important part of this is bringing different stakeholders (including Government Departments) together so resources and expertise are maximised. So too is the use of research and evaluation to support the development and implementation of evidence based interventions. The budget of £140,000 for this purpose is being maintained.

Communities First

The Communities First Programme is a key programme within the Tackling Poverty Action Plan. Changes to the programme implemented in 2012 included reducing the number of Communities First areas from over 150 to the present 52 Clusters, managed by 19 Lead Delivery Bodies (LDBs). This has enabled much greater sharing of resources and reduced administration costs, in line with previous recommendations of the Wales Audit Office and Public Accounts Committee. The Clusters include all of the 10% most deprived communities in Wales (based on data from the Welsh Index of Multiple Deprivation 2011) together with some neighbouring areas. 24% of the population of Wales live in a Communities First area, but the focus of the Programme now is very clearly on the most deprived people in those areas, so resources are targeted to those in greatest need.

Increasingly, the Communities First infrastructure is being used to provide a platform for other programmes and activities, reducing their own costs and enabling key partners to engage more directly and effectively with deprived communities and make a stronger impact more quickly. Examples include the placement of Job Centre advisers in community facilities, joint working with local schools using the Pupil Deprivation Grant, delivery of Over 50s Health Checks in CF areas and the Lift Programme supporting people from workless households.

Communities First clusters report delivery against an Outcomes Framework under three priorities – Prosperity and Employment; Learning and Fulfilling Potential; & Health and Well-being – and a set of related key performance measures. Monitoring of the performance measures reported by Clusters and LDBs will enable the LDBs themselves and officials to compare delivery as well as spend across all clusters. The performance measures in Communities First (as well as Families First and Flying Start) will be disaggregated where possible to give a fuller breakdown of beneficiaries by protected characteristic as well as the take up of provision offered through the Welsh medium. A Process Evaluation of the Programme to date is underway.

A reduction of £2.322m in the Communities First budget will be managed so as to minimise any impact on delivery, and therefore will not disproportionately impact any particular group within the community. This includes where Clusters have a higher than average proportion of Welsh speakers or minority ethnic groups or those with protected characteristics. Managing the impact of the reduction will be achieved by working with LDBs to profile and monitor spend closely and by moving funds which might otherwise be under utilised (for example as a result of staff vacancies) to the Clusters and projects which are ready to deliver required outcomes. Adopting this flexible approach should achieve full spend of the Communities First Programme allocated funding. On this basis, LDBs are likely to achieve outcomes very similar to those predicated in their current Delivery Plans.

In addition, Communities First will maintain its support for Pupil Deprivation Grant match funded projects in Communities First areas and increase its focus on reducing youth unemployment as a longer term preventative measure to reduce poverty. It will also fully maintain its commitment to the Lift Programme, which provides employment and training opportunities to people in workless households and those most likely to suffer from persistent poverty. There are now 9 Lift areas in Wales, covering 11 of the Communities First Clusters. They are utilising the main programme infrastructure to reduce administrative costs and ensure Lift programme resources are concentrated on supporting the Programme's clients to the maximum possible extent.

There was an extensive consultation and engagement before the Communities First Programme moved to its present shape, including with people with protected characteristics. There is contact with Cluster Managers and LDBs at monitoring meetings and at quarterly Regional Cluster Meetings, Clusters' Community Involvement Plans and Delivery Plans are regularly reviewed and updated.

Welfare Reform

The Welsh Government's assessment of the impact of welfare reform, which focuses on working-age people, estimates annual benefit and tax credit entitlements in Wales will be reduced by around £900 million in 2015/16. To put this overall loss into context, benefit and tax credit expenditure and gross disposable household income are estimated to be around £6 billion and £45 billion respectively in 2015/16.

Around half of this loss is due to the way benefits and tax credits are uprated¹. Other large financial losses arise from a reduced caseload under Personal Independence Payments (PIP) compared to Disability Living Allowance (DLA) and the time-limiting of contributory Employment and Support Allowance (ESA) to one year for those in the work-related activity group. By contrast, some of the Housing Benefit (HB) reforms and the Household Benefit Cap result in much smaller total income losses in Wales.

Even after taking account of the impact of changes to pensions and personal taxes, the Institute for Fiscal Studies (IFS) estimate the annual loss in Wales will be over £700 million in 2015/16.

¹ Includes: Switch to uprating most benefits and tax credits by CPI (rather than RPI or the Rossi Index), 1% cap on most working-age benefits and tax credits (excluding disability and carers benefits) and Child Benefit, increasing LHA rates by the 30th percentile of local market rents rather than the median (included in LHA reforms 2011-12), and increasing LHA rates by CPI rather than the 30th percentile of local market rents.

Whilst the Welsh Government cannot meet the shortfall created by the welfare reform changes, as set out in our Programme for the Government, the Welsh Government is committed to take action to mitigate the impacts of the reforms, across Government, as far as they can within the context of reducing budgets.

Some of the mitigation is being funded from within the Communities budget, such as additional funding to support front-line advice and support on issues relating to welfare benefits, as outlined in the sections on Financial Inclusion and Digital Inclusion below.

New eligibility criteria will need to be developed for passported benefits are administered by the Welsh Government given the UK Government's changes to benefits and tax credits. There may be financial implications for the Welsh Government budget as a result of the new eligibility criteria. We are in the process of assessing such implications.

Finally, the Welsh Government will track very closely the implications of any proposed further changes to the welfare system as a consequence of the Scottish referendum.

Equality

We have protected the budget for our Equality and Inclusion Grant (EIG), which supports Children, Families and Deprived Communities through its commitment to tackling poverty, ensuring social justice and equality of opportunity. Funding in 2015-16 will continue to support the projects awarded three year funding from April 2014. The EIG supports our Strategic Equality Plan objectives in aiming to tackle poverty, with its emphasis on prevention and early intervention to enable people to address inequality and work towards greater equality of opportunity and outcome.

Funding of £0.2m for Community Cohesion has also been maintained, with the programme aiming to increase collaboration between Local Authorities, Community Safety Partnerships, Communities First Partnerships and third sector organisations. Community Cohesion also works to achieve greater participation in community life and greater equality of opportunity for groups that are often seldom heard, including Gypsies, Travellers, migrants, asylum seekers and refugees, thereby supporting communities who often suffer from inequality of opportunity.

Financial Inclusion

The Financial Inclusion budget line supports key areas of work relating to Credit Unions, Advice Services and the Discretionary Assistance Fund.

As part of collaborative funding provided to Credit Unions in January 2014, a marketing and advertising campaign was run with the aim of supporting the sustainability of the movement. Figures show to date, 2,504 new members have joined Credit Unions since the start of the campaign. Work undertaken by Beaufort Research in June 2014, as part of the Wales Omnibus Survey, highlighted general awareness of Credit Unions in Wales had increased by 6% (from 60% to 66%) pre and post the campaign.

In addition to the collaborative funding, in March we committed £1.9million of funding, tapering until March 2017, to support the credit union movement. Of this total, £0.6m will be provided in 2015-16. This ongoing support has been given to Credit Unions so they are able to provide services to our most financially excluded members of society, while continuing to improve their own sustainability.

In terms of advice services, we have provided support to the Better Advice: Better Lives Scheme, which provides advice on benefit take up. In addition to this, advice providers have been offered £2 million funding this financial year to support front-line advice services on issues relating to welfare benefits; debt and housing and to take forward important aspects of the Advice Services Review, including better collaboration between providers and a better and more consistent specialist discrimination advice service Wales-wide. These services will benefit many of the people in our communities who are bearing the brunt of Welfare Reform and who are most likely to be living in poverty. They will benefit groups with protected characteristics, particularly through the specialist discrimination element, and reach out to people living in more rural parts of Wales.

Close monitoring of demand for the Discretionary Assistance Fund has enabled me to reprioritise some of the funding originally allocated to this Fund to support some of these more preventative services in 2014-15. Subject to further close monitoring and to final budget decisions, I propose to maintain the current level of funding for advice services in 2015-16.

The Discretionary Assistance Fund provides emergency assistance to between 1,500 and 2,000 people each month. An evaluation of the Fund is currently underway. The Financial Inclusion budget includes provision for continuation of the Fund.

Digital Inclusion

Budgetary support will be maintained for Digital Inclusion activities through utilising EU funding carried forward from 2014-15. These activities will contribute to meeting the challenging 2017 targets set out in our updated Digital Inclusion Delivery Plan published in June 2014. Options are being considered for future

digital inclusion activities, which will be informed by the ongoing evaluation of Communities 2.0. Any successor initiative will build on the many digital inclusion activities that are being delivered across Wales both in partnership with, and independently of, Communities 2.0.

Third Sector

Following consultation in 2013, Welsh Government has renewed its commitment to working closely with the Third Sector in Wales and to supporting its development and growth. This commitment was set out in detail in a fully revised Third Sector Scheme, which was itself developed in close partnership with the sector through the Third Sector Partnership Council and published in January this 2014. The Scheme incorporates our Code of Practice for Funding the Third Sector which sets out 17 Principles and advice on the range of ways in which Welsh Government provides funding.

The Third Sector Scheme renews Welsh Government's commitment to provide core funding for Third Sector infrastructure bodies across Wales, principally Wales Council for Voluntary Action (WCVA), County Voluntary Councils (CVCs) and Volunteer Centres. These bodies work closely with each other and ensure that consistent advice and guidance is readily available to voluntary organisations and individual volunteers anywhere in Wales. The Third Sector Infrastructure budget covers this work, together with grants to support volunteering, the Criminal Records Unit within WCVA and core funding for the Community Foundation in Wales.

This work will continue in 2015/16 but, in line with the outcomes of the consultation, there will be a greater focus within the Third Sector Infrastructure on tackling poverty and supporting local communities. Support for volunteering will also be more coherent and the infrastructure bodies will support the changes underway to public service delivery in line with Welsh Government's response to the Commission on Public Service Governance and Delivery, including more regional working and sharing of resources. These changes will take account of the reduction in the overall Third Sector Infrastructure budget from £7.3million in 2014/15 to £6.805million in 2015/16. Proposals developed by the sector for funding arrangements for 2015/16 are currently being appraised and final decision on allocations will be taken before Christmas, in line with the Code of Practice on Funding the Third Sector. The reduced budget will impact on the infrastructure bodies, many of which are also being affected by reductions in funding from local authorities or other income streams. Care will be taken to ensure that reductions are distributed fairly so that no individual organisation, geographic region or area of work is disproportionately affected.

Supporting People Grant

The Supporting People Programme is a key part of the implementation of the Welsh Government's policy for Preventing Homelessness which supports reducing use of the NHS, long term use of Social Services, tackling poverty and initiatives to help get people into education or employment. The Programme is used to fund housing related support to vulnerable people.

Given the importance of this budget we have sought to minimise any reduction but the budget will be reduced to £124million in 2015-16. Mitigating the impact of this reduction will be an important challenge for Regional Collaborative Committees, Local Authorities and service providers. All of the agencies involved in delivering the programme have been preparing for a reduction in the budget with a view to minimising the impact this may have on the availability of services. We are continuing to explore with the National Advisory Board and with Regional Collaborative Committees detailed proposals for implementing these changes.

We measure the performance of our Supporting People Grant interventions in a number of ways. Firstly by considering information submitted by Local Authorities to identify how they are spending the grant. Secondly by collecting a range of aggregate data which outlines how outcomes are being achieved by the people accessing the support. These include measures such as 'feeling safer', 'managing money' and 'managing accommodation' in addition to 'feeling physically healthy' and 'feeling mentally healthy'. We have now agreed a programme of work with representatives from the voluntary sector and Local Authorities leading to collection of more consistent and robust data in future. Over the past six months my officials have also undertaken a detailed audit of service delivery in two local authority areas. These audits have proved beneficial to all parties and have provided improved evidence on scheme impacts. We will be conducting further such audits in 2015-16.

Gypsy and Traveller Sites

Gypsy and Traveller Sites Capital Grant funding will increase by £2m from £1.5m in 2014-15 to £3.5m in 2015-16. The Sites Capital Grant provides funding for the refurbishment of existing and the development of new Local Authority Gypsy and Traveller sites.

Changes to the budget should lead to the development of additional Local Authority Gypsy and Traveller sites, which will reduce homelessness amongst these communities. Wales has a significant undersupply of authorised Gypsy and Traveller sites which needs to be addressed. The scale of the need for additional pitches (each household unit within a site) has been estimated between 209 – 243 pitches by the Welsh Government and 326 by Local Authorities themselves.

Only one Local Authority Gypsy and Traveller site has been opened in Wales since 1997 (opened April 2014). This situation has led to a significant undersupply of pitches, evidenced by Local Authority Gypsy and Traveller accommodation assessments and the number of unauthorised encampments.

An engagement exercise with Local Authorities identified the likely need for funding to support proposed projects during 2015-16. An additional £2m was deemed sufficient to meet demand in that year. A business case for future years funding has been developed, taking into account the new duties contained in the Housing (Wales) Act 2014.

Welsh Government is establishing a data collection system which is intended to capture the long-term reduction in encampments as a result of new sites.

Welsh Government is proposing new Health Needs Assessments to capture the health inequalities experienced by Gypsy and Traveller communities. Changes in health access and outcomes over time should be captured by these assessments and compared to access to sites.

Local Authority Accommodation Assessments will continue to assess need for additional Gypsy and Traveller sites. The Welsh Government will continue to review these when analysing the need for Sites Capital Grant funding.

Social Housing Grant and Housing Finance Grant

The Social Housing Grant Programme and the Housing Finance Grant provide funding to support the construction or refurbishment of affordable homes for rent (social and intermediate) and for equity share (homebuy). The funding, will be used to support a variety of different types of accommodation e.g. flats, bungalows, hostels, and refuges, which includes accommodation specifically designed for wheelchair users.

Then Social Housing Grant has been allocated £62.3million capital budget for 2015-16 and the Housing Finance Grant has a £4million revenue budget.

Affordable housing provided with grant funding is built to Design Quality Requirements (DQR) and to lifetime homes standards to ensure value for money is achieved. Performance is measured against the target of 10,000 affordable homes to be delivered in this term of government, with 4,474 homes built in the first two years of this government. Increasing the number of affordable homes will be evidenced by Welsh Government statistics on the number of new affordable housing delivered each year. The latest statistics for 2013-14 will be published in the Autumn.

Houses into Homes

The overall target is for 5,000 empty properties to be brought back into use during this Assembly term. Already 4,471 properties have been renovated during that period. Our Houses into Homes policy is on target and will make more homes available to help tackle social issues and regenerate communities. The additional award of £10m for 2015-16 will enable us to target more of the 20,000 empty properties in Wales and realise the benefits of the scheme sooner.

Sheffield Hallam University are almost 2 years into their 3-year evaluation of the programme which will be published next year.

Help to Buy - Wales

We are investing over £170million over three years in our Help to Buy Wales scheme, which is designed to increase the supply of housing in Wales - helping first time buyers and existing home owners purchase a new-build property.

Over 800 applications for loans have been approved under our Help to Buy scheme. The scheme is helping to restore confidence in the construction sector and enabling more people to get on to the property ladder. During the building period, employment in the local community and surrounding area is also being supported through the build contract, providing jobs, training opportunity and apprenticeships. This is helping to sustain small businesses and support long term employment in the area.

The scheme is subject to robust review of detailed management information which covers builder activity, buyer activity, lender activity and general financial information.

Discussions with HM Treasury on the repayment of Financial Transaction funding by the Welsh Government are led by the Minister for Finance and Government Business.

Welsh Housing Quality Standards

Our investment in Welsh Housing Quality Standards (WQHS) aims to ensure all dwellings are of good quality and suitable for the needs of existing and future residents. The Welsh Government set a target for all social landlords to improve their housing stock to meet the WQHS as soon as possible, but in any event by 2020. Current statistical returns supplied by social landlords, anticipate 73% of their stock will comply with the Standard by May 2016.

A rigorous Business Plan process is in place which specifically asks landlords about the risks associated with welfare reform. Plans developed by Local

Housing Association's to ensure the delivery of WHQS are currently being assessed by our Financial Analysts. In addition all Registered Social Landlords and Local Housing Associations are now required to include social clauses in all procurement contracts where community benefits can be realised – the outcomes will be tracked via Value Wales.

Vibrant and Viable Places (VVP)

The VVP Framework outlines our national regeneration objectives - everybody in Wales should live in well-connected vibrant, viable and sustainable communities with a strong local economy and good quality of life. It has been aligned with the Communities First programme – Prosperous Communities, Learning Communities and Healthier Communities.

The main programme will be supported by a £7 million tackling poverty budget for a further seven communities in our most deprived areas. The £7million fund has been ring fenced for projects in the top 10 per cent most deprived areas in Wales and has been allocated to the local authorities for use in specific areas - either a town or an area within a town or city

A robust evaluation framework for VVP is being developed. We have agreed a range of indicators against which Local Authorities must set forecasts and report performance.

Community Facilities

The Community Facilities Programme (CFP) is a discretionary grant scheme. Applications were invited on the basis of individual awards up to £500,000 being available. The programme was announced as aiming to offer £10 million between now and the end of 2015. This will still be the case although £4.95 million from the Community Facilities Programme (CFP) will be transferred to Flying Start on a non-recurrent basis in 2015-16. This is likely to mean between five and ten community capital projects will not gain funding in 2015/16. The decision to transfer funds to Flying Start was based on the greater long term, preventative impact of investment in high quality provision for early years, including childcare and parenting support. The decision is consistent with promoting the rights of children, as required by the Rights of Children and Young Persons (Wales) Measure 2011. The transfer will support achievement of the Government's target of doubling the number of children under 4 benefiting from Flying Start to 36,000 by the end of this Assembly term.

Equality, sustainability and consideration for the Welsh language

In applying sustainable development to the budget process within CTP, decisions have been made which reflect the five key principles of sustainable development:

- *Collaboration* – recognising many of the solutions to the ‘sustainability’ challenges Wales faces cannot be solved by one organisation. We will continue to pursue opportunities for collaboration across Government and with other partners, including the third sector, in order that programmes and services reach into the communities that most need them.
- *Integration* – for example our Flying Start, Families First and Communities First programmes have shared outcomes promoting prosperity and employment, learning and fulfilling potential, and health and well-being. Our programmes also help deliver objectives in our Strategic Equality Plan.
- *Long term* – investing in early years and family support, since the evidence is that this will have greater benefits in the long term.
- *Prevention* – seeking to tackle problems at source, rather than tackling the consequences of these problems at a later date. Prevention and early intervention is an approach which not only benefits people and communities but has the potential to generate long term cost savings. This approach is at the heart of our tackling poverty programmes and in our approach to tackling the inequalities experienced by those with protected characteristics.
- *Citizen centred / engagement* – recognising the importance of involving people in the decisions that affect them: for example community involvement is a key feature of the Communities First programme.

Prioritising the needs of the poorest and protecting those who are most disadvantaged and most vulnerable is critical, particularly in the current economic climate. The Strategic Equality Plan and Tackling Poverty Action Plan provide an important framework for these efforts. In particular, action to tackle poverty and action to reduce inequalities not only complement, but also build on one another.

Evidence shows people with certain protected characteristics are at greater risk of living in low income households and initiatives that tackle poverty will therefore have a positive impact on those groups. We also know certain ethnic minority groups, disabled people, lone parents (who are predominantly women), and younger people who are not in employment, education and training are more at risk of living in low income households. In particular, disabled people are disproportionately represented in both economically inactive and workless households. We will continue to identify opportunities to “dovetail” the Welsh Government’s Strategic Equality Plan with the objectives in the Child Poverty Strategy and our Tackling Poverty Action Plan, and support those children and families with certain protected characteristics. There is already a greater emphasis on monitoring the outcomes of those groups at risk of living in poverty and those with protected characteristics within the programmes within the Communities and Tackling Poverty portfolio.

As part of our programme of research to assess the impact of the welfare reforms in Wales, we have considered impacts on those with protected characteristics. The findings from this research show working-age disabled households, and particularly those on low incomes, will see significantly greater income losses on average than working-age non-disabled households as a result of the UK government's tax and welfare reforms. In addition, the research shows lone parents, most of whom are female, are particularly hard hit by the reforms compared to other household types (e.g. pensioners). This reflects the fact such households are more reliant on benefits and/or are particularly reliant on those benefits which have been cut the most². We are using the findings from this research to help target our mitigating actions towards those who need the most support.

Evidence that Gypsies and Travellers experience improved access to services when living on authorised Gypsy and Traveller sites is supported by many research studies, including the Equality and Human Rights Commission's 'Inequalities experienced by Gypsy and Traveller communities: A review,' (2009). Estyn has also recognised its importance for children's education. The provision of more sites will demonstrate Welsh Government is helping to 'facilitate the traditional Gypsy way of life' (as required by the European Court of Human Rights case, *Chapman v UK*, 2001).

Further research clearly evidences the link between improved health and educational outcomes for children and young people when they are able to live in a safe and warm home in a secure community. The funding we have provided for our Major Repairs Allowance and Social Housing Grant Programmes will help drive up these outcomes.

6. Preventative Spending

Preventative spend remains a key theme of this portfolio. Evidence suggests investing in early years development is one of the most financially sustainable and effective ways to tackle poverty, leading to better outcomes for the individual child as well as reducing the necessity for costly interventions in later years. This long-term view is consistent with the sustainable development approach embedded in the Well-being of Future Generations (Wales) Bill.

Communities First is in many respects a preventative programme, delivering key resources to the most deprived areas of Wales and working closely with local people to design and deliver solutions to local problems. The programme has been cited as playing an important role in reducing tension and promoting

² Phillips, D. (2014) The distributional effects of the UK Government's tax and welfare reforms in Wales: an update.

community cohesion in some areas. More generally it provides a platform for delivery of community focussed action with a strong emphasis on community involvement and working with people most in need of support.

The Supporting People Grant is a key preventative spend programme which allows people to remain at home for longer and frees up pressure on the NHS and Social Services. Whilst the Supporting Budget was protected last year we have decided to protect the Homeless budget this year due to the increased demands this budget is facing to deliver the Homelessness elements of the Housing Bill. This means the Supporting People Grant falls to £124.4million in 2015-16.

The Homelessness budget of £11.3million contributes significantly to preventing people from becoming homeless and the costs this incurs for Local Authorities once they have fallen into this situation. The fund will also deliver key components of the Housing Bill as The Housing Bill will place early prevention at the centre of Local Authority homelessness duties, and will complement measures we are taking in other areas such as social services, domestic abuse and youth justice

The funding in the draft budget for Independent Living of £4.4m in 2015-16 is also preventative spend. This funding provides the physical adaptations people need to remain in their homes and not have to go into hospital or care homes. The funding also enables patients to leave hospitals sooner and return home by making the small scale adaptations they need and thereby freeing up hospital resources sooner

Similar principles underpin Welsh Government's continuing support for the Third Sector in Wales, recognising that thousands of voluntary and community organisations in every part of the country play a vital role in supporting individuals and groups, thereby reducing the burden on public services. Health charities and support groups, for example, provide support for people with a wide range of health problems who might otherwise be more reliant on the NHS. These organisations in turn require advice and support to ensure they are well run and sustainable. With increased focus on good governance and a steady increase in the regulatory frameworks which impact on voluntary groups, Welsh Government's Third Sector Infrastructure funding ensures that consistent and reliable advice is available to voluntary organisations and individual volunteers across Wales.

The monies provided to Advice Services is preventative funding, whether around debt advice or benefit take up. As highlighted above, this aims to ensure people are supported before they find themselves in a position where they have to seek other sources of help or even funding.

Our continued investment in Digital Inclusion is a prime example of preventative funding as it improves peoples' quality of life by helping people find work and making their money stretch further through cheaper and more accessible online goods and services. Digital services like skype and online support groups can also help reduce isolation and aid independent living, thereby improving Health and Well-being and potentially reducing pressure on health budgets. Budgetary support will be maintained for Digital Inclusion through utilising EU funding carried forward from 2014-15. Our digital inclusion programme contributes directly to tackling poverty, as demonstrated by the recently extended digital inclusion targets set out in the Tackling Poverty Action Plan. Digitally excluded citizens are assisted to obtain basic ICT skills to help increase their chances of getting work and save money by purchasing cheaper and more accessible online goods and services. Investing in a more digitally inclusive society is a prime example of preventative spend, which will enable more savings to be generated from increased use of digital public services.

In the longer term, the creation of more Gypsy and Traveller sites will have a positive knock on effect on Social Housing as it will free up more housing if Gypsies and Travellers are able to move onto a new site. Census 2011 showed Gypsies and Travellers were more than twice as likely to live in social housing as the overall population of England and Wales (41 per cent compared to 16 per cent).

7. Legislation

The Housing (Wales) Bill

The Housing (Wales) Bill became the Housing (Wales) Act 2014 when it received Royal Assent in mid September 2014.

Since its introduction in November 2013, the Bill has been accompanied by an Explanatory Memorandum, which included a Regulatory Impact Assessment, setting out the financial implications of the various provisions contained within the Bill.

The additional costs to the Welsh Government of implementing the legislation in 2015-2016 have been identified as:

- £800,000 for Part 1 (Regulation of Private Rented Housing); and
- £5,900,000 for Part 2 (Homelessness)

FEI Bill

The Welsh Government does not support the Financial Education and Inclusion Bill (hereafter the Bill) and the Government will oppose the Bill at Stage 1. The

RIA to the Bill currently contains very rough costs of implementing the Bill to the Welsh Government and wider public sector. The Welsh Government believes that the RIA would benefit from more detail around some of the cost calculations to improve the robustness of financial information supplied. Notwithstanding this, the Welsh Government's budget remains fully committed at this time and therefore if the Bill were to become law these costs would have to be reprioritised from existing budgets.

Lesley Griffiths AM
Minister for Communities and Tackling Poverty

Annex A

REVENUE BUDGET - Departmental Expenditure Limit							
SPA	Actions	BEL	2014-15 Supplementary Budget New Plans June 2014	2015-16 Baseline	Changes	Draft Budget 2015-16	
Supporting Communities and People	Third Sector	Third Sector	7,300	7,000	-195	6,805	
		Third Sector	7,300	7,000	-195	6,805	
	Tackling Poverty	Financial Inclusion		15,977	14,977	200	15,177
		Digital Inclusion		1,000	1,000	-1,000	0
		Welfare Reform		145	0	0	0
		Communities First		39,450	38,383	-2,322	36,061
		Child Poverty Policy		140	140	0	140
	Tackling Poverty		56,712	54,500	-3,122	51,378	
Total Supporting Communities and People			64,012	61,500	-3,317	58,183	
Equality and Inclusion	Equality and Inclusion	Community Cohesion	200	200	0	200	
		Equality and Inclusion Fund	1,645	1,645	0	1,645	
		Equality and Inclusion	1,845	1,845	0	1,845	
Total Equality and Inclusion			1,845	1,845	0	1,845	
Housing Policy	Supporting People	Supporting People Grant	134,359	130,218	-5,809	124,409	
	Homelessness	Homelessness	6,431	11,331	0	11,331	
	Independent Living	Home improvement Agencies	4,191	4,191	-135	4,056	
		Rapid Response Adaptation Programme	432	432		432	
		Independent Living	4,623	4,623	-135	4,488	
	Policy Development and Implementation	Policy Development and Implementation	1,702	1,702	-450	1,252	

		Policy Development and Implementation	1,702	1,702	-450	1,252	
Total Housing Policy			147,115	147,874	-6,394	141,480	
Homes and Places	Achieve quality Housing	Welsh Housing Quality Standards	274	274	-174	100	
		Achieve quality Housing	274	274	-174	100	
	Increase the Supply and Choice of Affordable Quality Housing	Housing Enablers		95	95		95
		Support for Social Housing		4,000	4,000	100	4,100
		Increase the Supply and Choice of Housing		4,095	4,095	100	4,195
	Policy research and evaluation	Affordable homes		0	0	30	30
		Policy research and evaluation		362	312	720	1,032
		Policy research and evaluation		362	312	750	1,062
	Increase the Supply and Choice of Market Housing	Increase the Supply and Choice of Market Housing		0	0	30	30
	Regeneration	Implementation of Strategic Regeneration Areas		3,827	3,381	-1,436	1,945
		Manage Delivery of Legacy Regeneration Areas		6,790	6,790	0	6,790
		Regeneration		10,617	10,171	-1,436	8,735
Total Homes and Places			15,348	14,852	-730	14,122	
Total Revenue - Communities and Tackling Poverty			228,320	226,071	-10,441	215,630	

		CAPITAL BUDGET - Departmental Expenditure Limit					
SPA	Actions	BEL	2014-15 Supplementary Budget New Plans June 2014	2015-16 Baseline	Changes	Draft Budget 2015-16	
Communities and Tackling Poverty	Communities and Tackling Poverty	Community Facilities	10,950	10,950	-4,950	6,000	
		Gypsy Travellers	1,500	1,500	2,000	3,500	
		Communities and Tackling Poverty	12,450	12,450	-2,950	9,500	
Total Communities and Tackling Poverty			12,450	12,450	-2,950	9,500	
Housing Policy	Independent Living	Rapid Response Adaptation Programme	1,641	1,641	0	1,641	
		Independent Living	1,641	1,641	0	1,641	
	Intermediate Care Fund	Intermediate Care Fund	15,000	0	0	0	
		Intermediate Care Fund	15,000	0	0	0	
	Empty Properties Programme	Empty Properties Programme	0	0	10,000	10,000	
	Empty Properties Programme	0	0	10,000	10,000		
Total Housing Policy			16,641	1,641	10,000	11,641	
Homes and Places	Achieve Quality Housing	Major Repairs Allowance	108,000	108,000		108,000	
		Housing General Support	37,470	37,470		37,470	
		Renewal Areas	11,537	11,537	-3,508	8,029	
		Home improvements Loan	0	0	5,000	5,000	
		Achieve quality housing	157,007	157,007	1,492	158,499	
	Increase the Supply and Choice of Affordable Quality Housing	Social Housing Grants (HSG)	53,833	57,833	0	57,833	
		Land for Housing	13,700	0	10,000	10,000	

		Extra care	4,301	4,301	0	4,301
		Increase the supply and choice of Quality Housing	71,834	62,134	10,000	72,134
	Increase the Supply and Choice of Market Housing	Help to Buy Wales	69,000	71,000	0	71,000
		Help to Buy Wales	69,000	71,000	0	71,000
	Regeneration	Implementation of Strategic Regeneration Areas	39,600	44,900	3,508	48,408
		Manage Delivery of Legacy Regeneration Areas	1,400	1,400	0	1,400
		Local Authority Regeneration General Capital Funding	10,888	10,888	0	10,888
		Town Centre Regeneration	0	0	5,000	5,000
		Total Regeneration	51,888	57,188	8,508	65,696
Total Homes and Places			349,729	347,329	20,000	367,329
Total Capital - Communities and Tackling Poverty			378,820	361,420	27,050	388,470
	Total DEL Budget Communities and Tackling Poverty		2014-15 Supplementary Budget New Plans June 2014	2015-16 Baseline	Changes	Draft Budget 2015-16
	Revenue DEL		228,320	226,071	-10,441	215,630
	Capital DEL		378,820	361,420	27,050	388,470
	Total DEL		607,140	587,491	16,609	604,100