



Llywodraeth Cymru
Welsh Government

Welsh Government

Draft Budget 2019-20 **Detailed proposals**

A Budget to build a better Wales

October 2018

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Chapter 1: Introduction

- 1.1 The Welsh Government published its outline draft Budget – *A Budget to Build a Better Wales* – on October 2.
- 1.2 The outline draft Budget sets out the building blocks of the Welsh Government’s budget, where the funding comes from – the block grant from the UK Government, borrowing and taxation – and how it is being allocated between the different spending portfolios. This year’s Budget marks another step in our fiscal devolution journey – it is the first year revenue raised from the new Welsh rates of income tax will be included in the Welsh Budget, following their introduction in April 2019.
- 1.3 This is the final year of the UK Government’s current 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. It is also the last budget before the UK is due to leave the European Union on 29 March 2019.
- 1.4 The outline draft Budget also set out details of the wider fiscal and economic climate in which the one-year revenue budget proposals for 2019-20 and two-year capital plans for 2019-20 and 2020-21 have been developed. As we enter the ninth year of austerity, the Welsh Government’s budget will be 5% lower in real terms, on a like for like basis, in 2019-20 than at the start of the decade in 2010-11 – this is equivalent to £800m to spend on public services. If spending on public services had kept pace with the growth in GDP since 2010-11, we would have had an extra £4bn to spend in 2019-20, more than 20% up on our actual budget.
- 1.5 The UK Government has announced it will be publishing its Autumn Budget on 29 October. We will carefully consider the impact of the UK Government’s budget on our spending plans and will bring forward any changes to our published plans at the final Budget stage in December.
- 1.6 The Welsh Government is today setting out its detailed spending plans for 2019-20, together with indicative capital plans to 2020-21. This document shows how we are allocating our budget in line with our priorities, which are set out in our programme for government *Taking Wales Forward* and our national strategy *Prosperity for All*. Our detailed proposals also reflect the two-year Budget agreement with Plaid Cymru for the period 2018-19 and 2019-20.
- 1.7 *Prosperity for All* highlights the importance, in this period of ongoing fiscal constraint and austerity, of focusing our resources on those areas where we can have the greatest impact to improve outcomes for citizens and ensure services are delivered effectively and seamlessly. Our aim is to work collectively and collaboratively to provide integrated responses to some of the most pressing challenges facing Wales today.
- 1.8 Our long-term aim is to build a Wales which is prosperous and secure; healthy and active; ambitious and learning and united and connected.

- 1.9 *Prosperity for All* identifies five priority areas, to which a sixth has been added, which we believe will make the biggest contribution to long-term prosperity and well-being. These reflect the times in people's lives when they may be most in need of support and when the right sort of help or intervention can have a dramatic effect on their life course, and the need to maintain a healthy and sustainable environment in which these lives are lived. These are areas where evidence suggests early intervention and integrated services can have a significant impact. The six areas are – early years; housing; social care; better mental health; skills and employability; and decarbonisation.
- 1.10 Our detailed proposals, which are set out in this document are set against our long-term aims for Wales and our six priority areas.
- 1.11 The budget planning process is underpinned by the Well-being of Future Generations (Wales) Act 2015 with its aim of improving the social, economic, environmental and cultural well-being of Wales. We have focused on how we can take further steps to embed the principles and the five ways of working in the Act into the budget process. The Act plays a fundamental role in guiding the budget process to ensure, as a government, we think about the long term; work with people and communities; take a preventative approach to try and prevent problems from occurring rather than simply treating the end impacts and take a more joined-up, cross-government and cross-sector approach to addressing issues.
- 1.12 We have provided a number of case studies in this document to highlight how the Act is guiding our activities and is helping inform our decisions.
- 1.13 Our work to embed a preventative approach in both our policy work as a government and our financial planning has gained momentum in this draft Budget. As part of the wider budget process, we have continued to work with our partners to develop, and agree, a common definition of prevention. Further detail about how this definition has supported the detailed spending plans is highlighted in Annex A. The case studies in this document also help to highlight some of the preventative approaches we are taking as a government.
- 1.14 These detailed budget proposals will help inform the scrutiny of portfolio plans by the National Assembly's policy committees.

Chapter 2: Prosperous and Secure

- 2.1 Our aim is to create and drive a Welsh economy, which spreads opportunity for all and tackles inequality, delivering individual and national prosperity. We will enable people to fulfil their ambitions and enhance well-being through secure and sustainable employment.

Support people and businesses to drive prosperity

We will enable people to develop the skills they need to get the jobs they want, supporting businesses to start, innovate, and grow, creating decent, secure employment.

- 2.2 Our **Prosperity for All: Economic Action Plan** sets out how we will pool resources, expertise and knowledge to strengthen our economic foundations and future-proof the economy. Following publication of the plan last year, we have established a new economic contract – businesses seeking Welsh Government support will need to commit to the principles of growth, fair work, reducing carbon footprints, health, skills and learning in the workplace. The contract is designed to stimulate growth, increase productivity and make Wales fairer and more competitive.
- 2.3 We have established a new **Economy Futures Fund**, bringing together a series of funding streams and focusing them on the five calls to action in the contract. In 2019-20, a capital budget of £45m has been allocated for direct support to business.
- 2.4 The creation of the **Development Bank of Wales** last year has improved access to finance and access to high-quality support services and management advice. The Bank has significantly increased investment levels, and launched a number of new funds which total some £233m, including the Wales Flexible Investment Fund and Angel Co-Investment Fund. Additional financial transactions funding of £3m in 2019-20 and £4m in 2020-21 for the Wales Micro Business Loan Fund will help to foster the conditions needed to allow businesses to thrive. This budget provides a total capital allocation of £21m in 2019-20 and £7m in 2020-21 to support its activities.
- 2.5 Small and medium-sized businesses are the backbone of the Welsh economy and we are directly supporting them by providing more than £200m support towards their **non-domestic rates** bills. This includes the permanent small business rates relief scheme, which provides support to around 70,000 small businesses across Wales, with more than half paying no rates at all.
- 2.6 From April 2019, **all childcare premises** in Wales will receive 100% relief from their non-domestic rates bills in a package of support worth £7.5m over three years. This additional help for childcare providers will not only support small businesses but it will support the roll out of the childcare offer, which will, in turn, make an important contribution to our ambitions in the early years priority.

- 2.7 The delivery of the **childcare offer** supports working families of three and four-year-old children across Wales, helping parents to take up job offers and boost their employment choices, improving their family's circumstances.
- 2.8 Plans for the full roll-out of the offer by 2020 are well advanced and the early feedback from the first phase pilots suggests it is having a positive impact by helping parents financially and enabling them to balance the demands of work and family life. Funding of £40m will be available in 2019-20 to support the early implementation of the childcare offer through a demand-led rolling programme. This is a reduction of £5m from the previously published plans for 2019-20, in response to predicted take-up levels and current projections. The reduction will not impact on the planned roll-out.
- 2.9 We are also investing £60m of capital funding over three years from 2018-19, to support the co-location of existing Foundation Phase provision with the new childcare offer provision on a single site, wherever possible. This will ensure there is sufficient childcare in the right areas with a specific focus on developing new provision in areas that currently lack childcare services, in particular in rural and disadvantaged areas.
- 2.10 We launched our **Employability Plan** in March 2018, setting out how we will work to individualise employment support, up-skill and support workers, meet regional and local skills needs and prepare for a radical shift in the world of work in the future.
- 2.11 Our plans, which are described in more detail in the skills and employability priority area, include the new **Working Wales** programme from April 2019 and the **Employment Advice Gateway** to simplify access to employability support.
- 2.12 **Tech Valleys** aspires to future-proof the economy by capitalising on the opportunities arising from the fourth industrial revolution by encouraging the adoption of emerging digital technologies which support cutting-edge industries, including the automotive sector.
- 2.13 It is one of the seven strategic hub locations identified in the Ministerial Taskforce for the South Wales Valleys plan **Our Valleys, Our Future** and will receive capital funding of £10m in 2019-20 and £10m in 2020-21. This funding is designed to create industries of the future underpinned by the spirit of the economic contract. Tech Valleys is part of a £100m long-term commitment over 10 years, to create at least 1,500 sustainable jobs in Ebbw Vale and the wider Blaenau Gwent area.
- 2.14 Financial transactions capital funding of £500k in 2019-20 will improve the capital position of credit unions. **Credit unions** will use this money to strengthen their balance sheets through a subordinated loan, which can help enable robust growth plans to be taken forward.
- 2.15 We have committed £3m over three years, from 2019-20, to support NHS Wales in its collaborative bid to create a **Centre of Excellence for Wales and the West of England** at the National Imaging Academy Wales. This will provide a hub for innovation and research in the NHS and provide a focal point for companies,

academics and clinical partners to work collaboratively and plan more preventative approaches for the long-term.

- 2.16** Financial transaction funding of £4m in both 2019-20 and 2020-21 will also be used to support the development of **health innovation centres** to improve the prevention, treatment and management of long-term chronic conditions. These centres will bring NHS Wales, academia and industry together to develop cutting-edge technologies and services at pace and scale, which will ultimately improve patient outcomes and support economic development. This also contributes to our longer-term preventative approach.

Case Study: Better Jobs Closer to Home

By using public procurement in a more creative and joined up way, we can support communities to be more resilient in the face of economic challenges by creating more sustainable local and regional economies across Wales.

The Better Jobs Closer to Home programme has been designed to ensure the benefits of major investment are recycled back into Welsh communities. The programme has analysed the £6.2bn spent on works, goods and services by the public sector in Wales to understand what the public sector is buying; which suppliers are used and whether these suppliers are locally-based.

The analysis has provided a platform for the Better Jobs Closer to Home programme to identify potential areas for commercial innovation, which could lead to long-term opportunities for local and Welsh-based suppliers and provide employment for local people.

A series of pilots have been set up in the South Wales Valleys, as part of the work of the Ministerial Taskforce for the South Wales Valleys. These include:

- * A specialist garment manufacturing hub working in partnership with the social sector in Ebbw Vale;
- * A social enterprise manufacturing traffic and commercial signage;
- * A special purpose vehicle to re-engineer waste paint collected from local authority waste sites in Wales; and
- * A social enterprise, which collects, sorts and shreds waste paper.

- 2.17** The Welsh Government has engaged extensively with stakeholders to understand their concerns and priorities around **Brexit**. As a result, we have established coherent policy positions to influence the UK Government's approach to exit negotiations and to prepare for the multiple possible outcomes. We have produced detailed, evidence-based policy proposals on how the right kind of Brexit can protect jobs and put forward proposals on trade, immigration, the future of the UK and a range of other issues once we are out of the European Union.

- 2.18** The development of a **£50m EU Transition Fund** was announced by the First Minister earlier this year. Specific funding allocations are being made as part of the draft Budget 2019-20. The Fund has been designed to help Welsh businesses,

public and third sector organisations prepare for Brexit. It will provide direct financial support to sectors across Wales to plan for the significant changes associated with leaving the European Union.

- 2.19 Interventions we are supporting with the EU Transition Fund to date, include £5m to support farming, food and fishing sectors post-Brexit; £6m funding for training and up-skilling the workforce in Wales' automotive and aero-industry sectors; £200k for research work on likely impacts and implications for social care workforce; £150k support for the Welsh Local Government Association to facilitate local government to help plan and prepare for Brexit; and £3.5m support for Welsh Universities to drive international partnerships and promote Wales as a study destination.
- 2.20 The two-year budget agreement with Plaid Cymru allocated £5m for Brexit preparedness, including **business support**, over two years. This funding will be invested in a Brexit portal, building on the existing information, advice and guidance provided by Business Wales to support businesses to prepare for Brexit. The Welsh Government developed an app to aid our food and drink businesses consider steps that need to be taken ahead of Brexit. We are also expanding our operations overseas to protect existing markets.
- 2.21 The Welsh Government has been considering its own **operational readiness**, setting up a dedicated European Transition team to coordinate Brexit activity. A Brexit team was created within Energy, Planning and Rural Affairs given the scale of policy and legislative matters which the portfolio covers and a trade policy team was created given importance of future trading relationships. We announced we will recruit more staff over coming months to ensure we are resourced effectively to meet the challenges created by Brexit.
- 2.22 Revenue funding of £600k in 2019-20 and capital funding of £4m in 2019-20 and £4m in 2020-21 are included in our plans to support innovation. The **SMART Expertise** and **SMART Cymru** European programmes facilitate collaboration between academia, public and private sectors and support Welsh enterprises to grow and prosper.

Tackling regional inequality and promote fair work

We will target interventions to the different economic needs of each region of Wales, ensuring all parts of the country benefit from growth, and promoting every worker's right to a fair deal.

- 2.23 We have maintained revenue funding of £27.6m to promote inclusive growth to future-proof the economy. This includes £2.5m to support the ambitions for **regional development** and the development of regional plans. Access to jobs and services has an important impact on economic performance of a region, as we know different parts of Wales have different economic strengths.
- 2.24 Our plans will align infrastructure investment with regional development plans to maximise the impact of growth. A balanced portfolio of modern **employment sites and premises**, which meet companies' timescales for occupation, provide Wales with a real competitive advantage over other locations.

- 2.25** Our plans include capital investment of £8.6m in 2019-20 and £8.3m in 2020-21 for the development of strategic sites and infrastructure, which will also lever significant private sector investment and European funding.
- 2.26** In line with the commitments made in the ***Our Valleys, Our Future*** plan to strengthen seven strategic hubs across the South Wales Valleys – areas where public money is focused to provide opportunities for the private sector to invest and create new jobs – we will invest capital funding of £9m in 2019-20 and £16m in 2020-21 to take forward the plans for these hubs.
- 2.27** The development of the plans for the strategic hubs have been led by local authorities in each of the seven areas in partnership with local businesses, communities and other local organisations and are designed to respond to the unique needs of each area. They will also contribute to a goal of the Ministerial Taskforce for the South Wales Valleys of closing the employment gap between the region and the rest of Wales by helping an additional 7,000 people into work and creating thousands of new, fair, secure and sustainable jobs in the Valleys.
- 2.28** The £1.2bn **Cardiff Capital Region City Deal** is already delivering programmes aimed at increasing connectivity, and improving physical and digital infrastructure as well as regional business governance. The £1.3bn **Swansea Bay City Deal** comprises 11 projects, which are designed to drive growth across the region. Capital funding of £10m in 2019-20 and £10m in 2020-21 will support these activities. Discussions about North Wales and Mid Wales growth deals continue to progress in both regions and with the UK Government.

Case Study: Business Improvement Districts

Business Improvement Districts (BIDs) bring together businesses and other organisations in a defined area – such as a town or a city – with the aim of developing projects and activities to boost the local economy.

Twelve areas have been established in Wales – in areas such as Cardiff, Swansea and Aberystwyth – generating more than £15m in private investment. Funding of £260k in 2018-19 and 2019-20 is available for new BIDs.

A BID is established through a majority vote of non-domestic ratepayers in an area. A fund is generated through a small levy on businesses in the area, which is used for projects. The business plan for the area is developed among the local business community. The business community participates directly in the budgeting process and has control over the overall fund generated by setting the levy rate.

Investment reflects local priorities but typically supports marketing and promotion campaigns, events and activities, street cleaning, improving access and physical improvements, with the overall aim of improving the vibrancy and viability of the area.

The BIDs programme highlights how the Welsh Government acts as catalyst, enabling people and businesses to drive prosperity in their local community.

- 2.29 As part of the budget agreement with Plaid Cymru, £2m has been allocated over two years to provide secretariat and investment support to Arfor. There is a proposal to establish an **Arfor Innovation Fund** to promote entrepreneurship, business growth and community resilience with a focus on promoting the use of the Welsh language.
- 2.30 To ensure we continue to deliver economic regeneration and associated skills and employment outcomes in some of our most deprived communities, capital funding of £28.7m in 2019-20 and £36.8m in 2020-21 will support regeneration through two main programmes – the Targeted Regeneration Investment programme and the EU-funded Building for the Future programme – which will tackle regional inequality in targeted areas. A revenue budget of £560k in 2019-20 will support wider community regeneration efforts, including the expansion of the **Business Improvement Districts** programme.
- 2.31 We are committed to promoting fair work in Wales and have established a **Fair Work Commission** to advise the government about the changes we need to support fair work, including security of income, fair and guaranteed hourly earnings, fair opportunities for paid progression, and access to sick pay and pensions for all employees. Funding of £200k is allocated in this draft Budget for the Fair Work Commission.

Drive sustainable growth and combat climate change

We will build prosperity in a way that supports and sustains Wales' stunning natural environment, ensures that current and future generations will continue to benefit, and makes a tangible contribution to the fight against climate change.

- 2.32 We have been reminded recently of the damage and disruption that can be caused by flooding. To mitigate the impacts of climate change we are delivering a £55m capital programme over two years (£27m in 2019-20 and £28m in 2020-21) to improve **flood and coastal defences** and support flood risk management activities across Wales. Our investment is vital to alleviate risks and reduce the likelihood of major economic losses following flooding. Recent research shows that an investment of £100m reduces risk for 7,000 homes and business, protects more than 14,000 jobs and creates more than 1,000 jobs.
- 2.33 We have protected the revenue budget for the flood and coastal risk management programme, giving a total budget of £24.7m in 2019-20.
- 2.34 We are providing additional funding for **waste recycling** and collaborative change to support our ambition to become a zero waste nation. We are allocating an additional £4.3m revenue in 2019-20 for the waste recycling programme to maintain resource efficiency and the development of the circular economy. This brings the total revenue budget for waste in 2019-20 to £36.6m. Taken together with the additional £25m capital over the next two years (£12.5m in 2019-20 and £12.5m in 2020-21) to fund the collaborative change programme and waste procurement programme, this provides an additional investment of more than £29m in this draft Budget. The total capital funding for waste is £23m in 2019-20 and £16.5m in 2020-21.

2.35 Waste crime poses a serious threat to the environment, contaminating land and rivers with oil and toxic chemicals. Illegal waste sites can also pose a risk to human health and it blights communities, threatening air quality with toxic fumes from illegally-burned materials and causing noise and odour problems from operations near homes and schools. We will allocate £296k in 2019-20 to tackle waste crime.

2.36 Landfill disposals tax was introduced in Wales in April 2018 when landfill tax was devolved. The outline draft Budget included the forecast revenues for the tax for 2019-20 and confirmed the tax rates would rise next year in line with inflation (retail price index).

Case Study: Brexit and Our Land

Welsh land and land managers matter to all of us. Together they provide livelihoods, support communities and secure vital natural resources on which we all depend.

The Common Agricultural Policy (CAP), which is worth £235m a year to Wales, dictates the current supported arrangements but CAP has not done enough to improve agricultural productivity and has produced mixed results for Wales' natural environment.

We have been working closely with stakeholders to develop proposals for a bespoke Welsh policy and support for land management in Wales following Brexit and into the longer term.

Stakeholders have highlighted risks and opportunities. For example, exploring the support and financial mechanisms needed to facilitate long-term woodland creation to meet the Welsh Government's decarbonisation targets by 2050. The contributions have also explored the potential for preventing certain land management practices which curtail other economic and environmental opportunities, such as preventing long-standing water pollution issues and, as a consequence, realising future opportunities for improved public health and water based tourism.

These risks and opportunities need to be considered within the context of ongoing viability of a farm or forestry business; potentially unique amongst various business sectors many farmers and other land managers have an overriding drive to be able to pass on viable and sustainable farm businesses to their children and grandchildren.

This engagement marks the start of a new conversation about the distribution of public funds to support land management, and drawing from it the Welsh Government has outlined a set of five principles to guide future support and a suite of schemes to replace CAP – an Economic Resilience Scheme and a Public Goods Scheme.

These principles and schemes have latterly framed stakeholder discussions around funding priorities, delivery, the balance between different options and how to integrate different support mechanisms to realise multiple benefits.

These proposals will support land managers to be more resilient in light of new trading arrangements, and will offer a new funding-stream, which recognises the contribution land managers can make towards addressing some of our most pressing environmental challenges, including climate change, biodiversity decline and adverse air and water quality.

The proposals are set out in the Welsh Government's consultation *Brexit and Our Land*, which was published in July 2018. The consultation will close on 30 October.

- 2.37** The **Landfill Disposals Tax Communities Scheme** was set up to support environmental and community projects in areas affected by the disposal of waste to landfill. The scheme started on 1 April 2018 and the first bids were received by the Welsh Council for Voluntary Action, which is the distributive body for the scheme, in July 2018. The scheme will fund projects which support biodiversity, waste minimisation and the diversion of waste from landfill and environmental enhancements. An independent panel, with representatives from bodies such as Keep Wales Tidy, Natural Resources Wales and the Waste and Resources Action Programme, will assess the bids. The projects seeking support will need to highlight collaborative working, meaningful engagement and demonstrate preventative approaches for the long-term.
- 2.38** Over the next four years £1.5m a year from the revenue raised by landfill disposals tax, has been allocated to the scheme to support communities affected by the disposal of waste to landfill. This provides a stable funding stream for the scheme.
- 2.39** We are supporting the sustainable development of our rural communities through the **Rural Development Plan (RDP)**, a multi-year demand-led budget funded by the European Union. Our co-financing domestic budgets need to be flexible and we must ensure that we maximise spending to lever in EU contributions over the programme period 2014-2020. The RDP revenue budget, based on forecasts, is £26.5m in 2019-20. Capital funding of £10.3m in 2019-20 and £9.4m in 2020-21 has been allocated over the two-year period to match the expected RDP capital profile and ensure full drawdown of European match funding.
- 2.40** We are allocating a total of £9.5m to the **national park authorities** and £66.3m to **Natural Resources Wales** in 2019-20, reflecting the importance of the protection and promotion of our natural environment to the nation's health and well-being.

Chapter 3: Healthy and Active

- 3.1 Our aim is to improve physical and mental health and well-being for individuals, families and communities in Wales. We want to focus on preventing the causes of ill health and treating ill health.

Deliver quality health and care services fit for the future

We will deliver high-quality, timely treatment, and support and promote good health, well-being and independence, recognising that future sustainability requires everyone to play an active part in shaping their own health.

- 3.2 The **NHS in Wales**, which celebrated its 70th anniversary this year, will continue to be this government's priority – feedback from last year's participatory budgeting sessions identified the NHS as a priority for investment.
- 3.3 Core NHS funding, with a total investment of £6.866bn in 2019-20, represents the largest single budget, and contains our core funding for Welsh health boards and NHS trusts. The funding supports primary care services, including services provided by independent GPs, dentists and community pharmacists; community-based services, including community nursing; mental health services and hospital-based and specialist care. It is used to commission services from NHS providers in other UK nations and from independent healthcare providers, as appropriate.
- 3.4 This budget line includes an additional £220m investment, which was confirmed in the 2018-19 Budget to meet the "Nuffield gap" – the annual amount identified by the Nuffield Trust, which is needed to meet rising costs in the NHS and rising demand, largely associated with an ageing population – and a further investment of £94.6m for the **Agenda for Change pay deal**.
- 3.5 This provides an increase in core NHS funding of £315m in 2019-20 compared to 2018-19, which will be used to meet the costs of pay awards for our highly-valued NHS staff, increasing our investment in primary care and meeting other cost growth and service priorities. We will confirm revenue allocations for health boards and NHS trusts in December 2018 to support the preparation of their integrated medium-term plans for 2019-20 and beyond.
- 3.6 We are investing a further £192m in 2019-20 to implement **A Healthier Wales**, our long-term plan for health and social care in Wales. The plan was developed in response to the report by the Parliamentary Review of the Long-Term Future of Health and Social Care. It builds on the twin principles of prevention and prudent healthcare and is designed to make an impact on people's health and well-being throughout their lives.
- 3.7 There will be an emphasis on preventing illness and supporting people to manage their own health and well-being, enabling them to live independently for as long as possible.

- 3.8 In 2019-20, we will invest £50m in our **health and social care transformation fund** to support the development and implementation of new models of integrated health and social care. These are supported by the regional partnership boards, which bring together local authorities, health boards and other partners to make shared decisions and are built on a foundation of local innovation. The fund will be used to accelerate progress and scale up new service delivery models.
- 3.9 We are continuing to make funding available to deliver the £80m **New Treatment Fund**. In this budget we are allocating £16m in 2019-20.
- 3.10 Cancer survival rates in Wales remain below those in most European countries but international evidence indicates that improvement is possible. We will invest in the development and implementation of a single cancer pathway, in line with the **Cancer Delivery Plan for Wales**. We will also invest in improving diagnosis and targeting of cancer treatment.
- 3.11 We will invest £15m recurrently to strengthen critical care so the NHS can continue to deliver the very highest standard of care to the most seriously ill patients when they need it. The investment will increase the number of critical care beds and help to develop and expand the workforce.
- 3.12 Funding of £6.6m will be invested in **targeted health protection** and centrally-funded immunisation programmes. Funding of £4.2m will support blood donation and organ and tissue transplantation as part of Wales' pioneering opt-out system for organ donation.
- 3.13 As well as the additional revenue investment we will continue with our plans to invest an extra £61m capital funding in the all-Wales NHS capital programme in 2019-20 and 2020-21. This will support **NHS improvement and the modernisation of the ambulance fleet**. A modern fleet, with lower carbon vehicles, will generate revenue savings as a result of reduced fuel and lower maintenance costs.
- 3.14 We are allocating additional funding of £4.5m in 2020-21 to continue the planned investment in the **integrated health and care centres** – this is an integral part of an effective well-being service and key to our aim of providing more care closer to people's homes and out of hospitals.
- 3.15 We will spend £675m on **mental health services** in 2019-20 – this is the single largest area of spending in the NHS budget. Of the additional funding allocated for *A Healthier Wales*, £15m will support mental health services and learning disabilities. This includes funding for programmes in schools – such as the new whole-school approach to mental health and well-being, which is being developed in response to the National Assembly's Children, Young People and Education Committee *Mind Over Matter* report - and wraparound mental health support for the homeless and perinatal mental health services.
- 3.16 We are maintaining our commitment, as part of the two-year Budget agreement with Plaid Cymru, to provide £20m extra for mental health services in 2019-20. Our plans are outlined further in chapter six.

Promote good health and well-being for everyone

We will support people to adopt healthy lifestyles, breaking down the barriers that ill-health place on employment and opportunity, and tackling the generational cycle of poor health and inactivity.

- 3.17** Funding of £13m will be invested in **health improvement and healthy working** on a range of schemes, which emphasise the principles of prudent healthcare and support people in making positive lifestyle choices, which will have long-lasting impacts on their health and well-being. This includes taking forward the actions in national plans, such as the *Tobacco Control Action Plan*, *Mental Health Action Plan*, *Economic Action Plan*, *Employability Action Plan* and the forthcoming obesity strategy, which we will consult on in the autumn.
- 3.18** The introduction of Universal Credit by the UK Government has resulted in changes to the eligibility criteria for **free school meals**. No additional funding has been made available by the UK Government to manage the impact of its welfare reform agenda on free school meals – in England, funding has come from departmental budgets.
- 3.19** We have taken a different approach and have made £7m available from reserves, through the Revenue Support Grant (RSG), to support local authorities to meet the costs associated with the change in eligibility criteria. This includes transitional protection for children who are already entitled to free school meals.
- 3.20** The **Food and Nutrition in Schools** budget for 2019-20, which totals £3.7m, includes £500k for the continuation and further development of the Bwyd a Hwyl programme.
- 3.21** Subject to agreement with the EU on terms for the UK leaving, Wales will continue to participate in the existing EU **school milk scheme** with £3.2m allocated from the Food and Nutrition in Schools budget to support the scheme. The current scheme is more generous than that in the rest of the UK, as uniquely, Wales provides free school milk to children in the Foundation Phase.
- 3.22** More than £26m will be invested in our **Substance Misuse Action Plan**; the majority of this funding will be managed by the area planning boards to help address the priorities outlined in our substance misuse strategy *Working Together to Reduce Harm* and the most recent substance misuse delivery plan. The funding complements health board substance misuse allocations of around £18m and will be used to support a range of education, prevention treatment and enforcement initiatives.
- 3.23** Our investment in substance misuse in 2019-20 will help to ensure people are accessing the support and services they need ahead of the implementation of the Public Health (Minimum Price for Alcohol) (Wales) Act 2018, currently planned for summer 2019. This legislation is only a part of the Welsh Government's wider and continuing strategic approach to deal with alcohol-related harm. The funding will be used to provide specialist services and support to those in need, both ahead of implementation and thereafter once in place.

3.24 As part of the substance misuse investment we are allocating £1.98m in 2019-20 to restore funding for the **All-Wales Schools Liaison Programme**. This programme typifies our preventative agenda, providing vital support in primary and secondary schools across Wales educating children on substance misuse and personal safety issues at all key stages of the curriculum. This investment will ensure that existing match funding from all four police forces will continue at existing levels.

Case Study: Bwyd a Hwyl

Bwyd a Hwyl – also known as the School Holiday Enrichment Programme – takes a preventative approach and has been designed to ensure children from disadvantaged backgrounds are not exposed to the stresses of the long school holidays – social isolation, hunger, inactivity and educational inequalities.

The programme is an example of what can be achieved through imaginative collaboration, working across several organisations.

Funding of £500k has been allocated to further develop the programme and make it more widely available throughout Wales, to ensure children taking part in the programme benefit from enrichment experiences and healthy and nutritious meals.

An estimated 2,500 children will take part in the scheme, which will run in more than 50 schools, covering 16 local authorities and all health board areas. Approximately 1,500 children benefited from the scheme in 2017.

Bwyd a Hwyl is facilitated by the Welsh Local Government Association, and delivered in partnership between local authorities and partner agencies. The programme has been shaped by school staff, parents/carers and the children themselves. A number of agencies in Cardiff provide support and deliver enrichment activities.

The programme takes a long-term view of the issues by aiming to reduce health, social and educational inequalities at an early age by building capacity through schools and staff. It provides healthy food, promotes physical activities, and raises awareness around nutrition education and physical and mental enrichment activities.

It has become a vital component of Cardiff Council's Liveable City vision and promotes an integrated approach alongside the wider priorities for Cardiff and Vale University Health Board's local public health team and Public Health Wales' priority to tackle health inequalities.

Build healthier communities and better environments

We will tackle inequalities between communities and deliver more services closer to home, acknowledging the importance of communities and the wider environment for good health and well-being.

3.25 Investment in the **Integrated Care Fund (ICF)** in 2019-20 will increase to £85m, as a result in the increase in capital from the Housing budget for the fund, which rises to £35m in 2019-20.

- 3.26 The ICF aims to reduce pressure on the wider NHS and social care system by reducing unnecessary hospital admissions, inappropriate admissions to residential care and delayed hospital discharges. It fosters collaborative and partnership working between social services, health and housing with third and independent sector partners.
- 3.27 We have maintained funding for **sports and physical activity** at its current level of £22.3m a year, highlighting our commitment to increasing physical activity levels and to the importance of preventing ill health. Sport Wales is our key delivery agent for sport and has a focus on increasing participation at the community level to improve general well-being benefits and to create the environment for talented athletes to reach their full potential.
- 3.28 In recognition of the far-reaching benefits associated with greater levels of active travel, an additional £20m will be invested in 2019-20 and £30m in 2020-21 to support our dedicated **Active Travel Fund**, bringing the total capital investment to £26.6m in 2019-20 and £36.6m in 2020-21. The funding will help improve delivery of active travel schemes across Wales. They will connect residential areas with key employment and education sites and services, enabling more everyday journeys to be made by walking and cycling, with resulting individual and societal health benefits, as well as reduced congestion, pollution and emissions and economic benefits.
- 3.29 We recognise the importance of the wider environment for good health and well-being. We are providing additional allocations to support **air quality**. Capital funding of £6.4m in 2019-20 and £2.8m in 2020-21 will support our ambitions to improve air quality in Wales.
- 3.30 We are also allocating a total of £3.5m to **Healthcare Inspectorate Wales** and £13.6m to **Care Inspectorate Wales** in 2019-20 ensuring we maintain robust inspection services to protect our most vulnerable citizens.

Chapter 4: Ambitious and Learning

- 4.1 Our aim is to instil a passion for learning in everyone from the earliest age, inspiring them to be the best they possibly can throughout their lives.

Support young people to make the most of their potential

We will provide the best start in life for all, with support from birth, through education, and beyond, making sure everyone has the chance to fulfil their natural potential.

- 4.2 We will work across boundaries so we can be confident of a prosperous Wales where education from the earliest age will be the foundation for a lifetime of learning and achievement.
- 4.3 Our economic prosperity, social cohesion and well-being are built on the foundations of a strong and successful education system. Education in Wales is changing with the introduction of our new curriculum which will be ready for statutory roll-out in September 2022. The focus of these changes is to raise standards for all; reduce the attainment gap and eradicate inequalities and deliver an education system, which is a source of national pride and the public has confidence in.
- 4.4 *Education in Wales: Our national mission*, sets out an initial five-year action plan describing how the school system in Wales, including its sixth forms, will develop to 2021 to secure the effective implementation of the new curriculum, and ensuring sustainability thereafter. We are continuing to invest £10m to support the **curriculum reform** which is at the heart of our plan of action for education in Wales.
- 4.5 The ethos behind the delivery of our national mission is co-construction – with the teaching profession, local authorities, Estyn, consortia, the Education Workforce Council and others. We are directing all of the £23.5m funding over two years (£8.7m in 2018-19 and £14.8m in 2019-20), announced by the UK Government on 13 September, to support the school teachers’ pay award. This is essential funding for our education system and will ensure we can attract and retain teachers in Wales which, in turn, will support our young people to reach their potential.
- 4.6 Our network of pioneer schools – curriculum; professional learning and digital – is playing a central role in the development of the new curriculum, involving experts on the ground. By funding these schools we are ensuring that our practitioners have the time to develop a curriculum which meets the needs of all learners in Wales.
- 4.7 More than 200 pioneer schools across Wales are involved in developing six Areas of Learning and Experience. Higher standards of literacy and numeracy and digital competency will be at the heart of the new curriculum. In recognition of this, we have maintained our investment for literacy and numeracy in 2019-20, with a budget of £6.6m, to support our **national literacy and numeracy programme**.

- 4.8 The **National Academy for Educational Leadership** became operational in September to support our school leaders of the future who will be the driving force behind our reforms. We have set aside £1m in 2019-20 to support the new academy.
- 4.9 We are committed to investing an additional £100m over the course of this Assembly term to raise school standards, with £25.5m allocated in 2019-20. More than half of this investment is being directed towards improving professional learning, recognising that our teachers and school practitioners are our greatest agents for change and improvement in the classroom. We are also allocating an additional £15m for **schools** and will continue to prioritise school funding.

Case Study: Foundation Phase

The Foundation Phase is the statutory curriculum for all three to seven-year-olds in Wales. It is designed to provide developmentally-appropriate learning for children of all abilities and aims to reduce inequalities by making learning enjoyable and more effective.

Children in the Foundation Phase use play to become actively involved in their learning through first-hand experiential activities, which allow them to practice and consolidate their learning, play with ideas, experiment, take risks, solve problems, and make decisions.

Enabling children to fully participate in their learning at such an early stage aims to stimulate a love of learning which can continue throughout their education, giving them a greater chance of improved outcomes over the longer term.

The continued development of the Foundation Phase is a collaborative effort. The Foundation Phase Excellence Network, launched in March 2018, consists of regional education consortia, non-maintained umbrella organisations, higher education institutions, schools and settings working collaboratively to improve the teaching and learning of Foundation Phase through supporting practitioners to develop innovative pedagogies and enhanced practice.

- 4.10 To restore funding for the **Education Improvement Grant** to 2018-19 levels we are utilising £11m of *Prosperity for All* funding, allocated in the final Budget 2018-19, to continue to make £118m available through the grant in 2019-20. In addition, we have allocated a further £8.7m from reserves for Minority Ethnic and Gypsy Roma and Traveller learners in 2019-20, in order to maintain funding at 2018-19 levels.
- 4.11 **Reducing unnecessary bureaucracy** for teachers remains a priority and total funding of more than £1.2m has been made available to increase the number of business managers within our schools, part-funded 50% by the Welsh Government and the remaining element match-funded by local authorities.
- 4.12 We are also supporting our small and rural schools, with 340 schools having benefitted from the **Small and Rural Schools Grant**, with a total investment of £10m over the course of this Assembly term, of which £2.5m has been allocated in 2019-20. The funding aims to address the main issues faced by small and rural schools and to assist them in remaining viable within their communities.

- 4.13 Delivering on our commitment in *Taking Wales Forward*, £36m has been made available over the course of this Assembly term to local authorities to **reduce infant classes** of 29 or over in schools, which also have high levels of deprivation, additional needs or below average outcomes. For 2019-20, we have set aside £5m revenue and £5m capital to support this commitment. More than 100 schools will benefit from the funding and more than 90 additional teachers will be employed in the first phase.
- 4.14 The **Pupil Development Grant (PDG)** is intended to improve outcomes for disadvantaged learners; supporting interventions, which will raise the educational attainment of learners from disadvantaged backgrounds to overcome the additional barriers that prevent these learners from achieving their full potential. Investment to date has supported the equivalent of more than 450,000 learners and further progress is being made. Funding of £93.7m is being made available in 2019-20.
- 4.15 An additional £3.554m has been allocated in 2019-20 to maintain and extend the **PDG Access** scheme, which is designed to help parents with the everyday costs associated with sending their children to school. The funding will support more learners in a more flexible way than the previous school uniform grant and we have increased the level of per pupil funding to £125 from £105. For 2018-19, £1.777m was allocated in the First Supplementary Budget 2018-19, to support the introduction of PDG Access from the start of this academic year.
- 4.16 The funding for the PDG Access scheme is part of a package of measures announced in the outline draft Budget to help prevent child poverty and give young children the best start in life.
- 4.17 The Additional Learning Needs and Education Tribunal (Wales) Act was granted Royal Assent in January. The Act is an important part of the **ALN transformation programme**, which aims to change the expectations, experiences and outcomes for children and young people with additional learning needs. Last year we announced a £20m package of support for ALN, between 2017-18 and 2020-21, which will support the implementation of the Act. In 2019-20 funding of £5.7m has been allocated to the programme.
- 4.18 The information, advice and guidance provided by **Careers Wales** supports individuals across all ages to develop skills, raise their attainment and aspirations, and develop the career management skills that are essential to becoming long-term contributors to our Welsh economy. As a result, we have maintained the level of support at £18.8m.
- 4.19 Band A of the **21st Century Schools and Education Programme**, will see an investment of more than £1.4bn in school and college buildings between 2014 and 2019. A second wave of investment in band B will begin in April 2019 and will result in a further £2.3bn invested in modernising Wales' education infrastructure through both capital and revenue funding. Band B will reduce the number of poor-condition schools and colleges in Wales, provide enough places to deliver Welsh and English medium education and ensure the effective and efficient use of the educational estate.

Build ambition and encourage learning for life

We will widen people's horizons and lift their aspirations by creating a dynamic, entrepreneurial culture and ensuring they have opportunities to grow and achieve more throughout their lives.

- 4.20 Further education (FE)** supports a long-term view of Wales' economic needs through the key provision of skills development. Funding of £420m in 2019-20 for FE will provide opportunities for people to fulfil their ambitions by improving academic and vocational skills with a view to achieving more sustainable, better paid and more rewarding careers. This includes funding to restore sixth form budgets to 2018-19 levels and to support teachers' pay award in school sixth forms. Funding for FE colleges increases by £7m from previously published plans for 2019-20 to support the demographic increase.
- 4.21** Higher education has a key role to play in breaking the cycle of poverty by raising skills levels and improving employability and employment opportunities. **HEFCW** supports institutions to deliver high-quality teaching and research, making an important contribution to the economy and providing opportunities for people to develop higher-level skills, which in turn support the economy and help to reduce inequality. We are investing £141m in 2019-20, including £5m for degree apprenticeships, £5m for the continuation of the postgraduate interim bursary scheme and £1.4m for Global Wales from the EU Transition Fund.
- 4.22** We are progressing the recommendations from the Diamond review of higher education and **student support**, introducing a whole system approach across mode and level of study. An additional £5m was allocated for 2019-20 as part of the 2018-19 budget to implement the first phase of the Diamond reforms and to ensure cohort protection. We aim to break down barriers to university entrance through this new package of support for living costs, including enhanced maintenance grants. This commitment will be funded through the student support grant with a budget of £425m in 2019-20.
- 4.23** As part of the Budget agreement with Plaid Cymru funding of £20m continues to be allocated for further and higher education to allow the sectors to prepare for the implementation of the Welsh Government's response to the Diamond review. In line with the findings of the Diamond review, this money will encourage closer collaboration between the sectors in preparation for reforms to post-compulsory education and training.
- 4.24** Wales spends more than £350m every year to support the education and training of the **NHS workforce**. This funding supports those preparing to enter the NHS workforce and provides additional training opportunities for existing staff to develop and enhance their skills.
- 4.25** In 2019-20, the expansion of medical school places will continue with an extra 40 places available across Wales. This expansion will provide opportunities for more medical students to study in north Wales and work towards providing a pathway for doctors to be trained completely in north Wales. There will be a greater focus on training in the community, reflecting the move to providing more care closer to people's homes and the new arrangements will provide more opportunities for Welsh speakers to undertake their studies in Welsh. This will be supported using

the additional £7m agreed as part of the two-year Budget agreement with Plaid Cymru.

- 4.26 The **NHS Wales Bursary Scheme** will remain in place for people electing to study an eligible healthcare-related programme in Wales starting in the academic year 2019-20. This means, in Wales, the full bursary package will continue to be available for those who commit in advance to work in Wales for up to two years post-qualification.

Equip everyone with the right skills for a changing world

We will enable people to develop their skills in line with the rapid changes in the global economy, to keep Wales competitive and secure employment in an uncertain world.

- 4.27 We recognise the role skills and lifelong learning play in economic development and have maintained funding levels for **work-based learning** (including support for degree apprenticeships) with £115m allocated in 2019-20. This includes £82m of revenue to optimise the use of available European funding, while the UK continues to be a member of the European Union.
- 4.28 To support people and businesses to drive prosperity, we will do all we can to help and support people to develop the skills they need to get the jobs they want. We will continue to support our flagship commitment of creating a minimum **100,000 all-age apprenticeships** over the course of this Assembly term. We have transferred £5m from the work-based learning budget to higher education, to expand the provision of higher-level degree apprenticeships.
- 4.29 In April 2019, we will launch a new employability programme called **Working Wales**. This will supersede the existing traineeship programme, with £24m revenue funding in 2019-20 being transferred to Employability and Skills from Work-Based Learning in this budget.
- 4.30 The development of the cross-government *Employability Plan*, published in March 2018, underpinned our commitment to reshape employability support for job-ready individuals and those furthest from the labour market to acquire the skills and experience to gain and maintain sustainable employment. We have looked closely at existing services and employability infrastructure and have set out a new streamlined employability offer, *Working Wales*. Further detail can be found in the skills and employability section in chapter six.
- 4.31 The children and young people of today are entering a fast-changing world, which is increasingly competitive, globally connected and technologically-advanced. We want to provide future generations with the skills and knowledge they need to play a full and active role in their communities and wider society so we need ambitious, capable learners; enterprising, creative contributors; ethical, informed citizens; and healthy, confident individuals.
- 4.32 **Learning in Digital Wales** (LiDW) is the Welsh Government's programme of action for improving the use of digital technology for teaching and learning in schools. This pivotal programme provides stakeholders across Wales with appropriate broadband, enabling schools to provide learners with consistent access to a range

of digital tools and resources to support and assist the transformation of digital classroom practices. The programme has a budget of £4.5m in 2019-20, which includes funding for the All-Wales Education Digital Identity Provider and the schools broadband initiative.

- 4.33 Broadband infrastructure roll-out, outlined in more detail in the United and Connected section, provides educational opportunities from cradle to grave by providing access to toddler-focused digital learning; schools delivering the Welsh Government's digital competency strategy through the LiDW project; universities providing digital research opportunities, access to educational opportunities, either through schools and colleges or at home and providing opportunities for people who are digitally-excluded to access information and learning via community groups and libraries.
- 4.34 The engine of economic growth and social progress is research, innovation and the development of the right skills for a changing world. To promote and encourage these activities we need to invest in **research and development** and improve the links between universities, companies, public services and community organisations. We have reinstated revenue funding of £800k in science to maintain the budget at 2018-19 levels for the **National Science Academy** and to provide match funding to lever in a further £5.7m across the next four years from the European structural funds.
- 4.35 Funding of £500k in 2019-20 will also support the Chief Scientific Adviser to engage with the global science community, collaborate with businesses and universities to expand the Welsh economy.
- 4.36 The **Sêr Cymru** capital programme is maintained at £4.9m in 2019-20 and in 2020-21 to develop research excellence in the grand challenge areas of life sciences and health, advanced engineering and materials and low carbon, energy and environment. This flagship programme has brought in a number of talented researchers, earlier in their careers, to support and augment existing strengths and to start to develop teams in new areas identified as being of strategic importance to Wales.

Chapter 5: United and Connected

- 5.1 Our aim is to build a confident nation where people take pride in their communities, their Welsh identity and language, and our place in the world.

Build resilient communities, culture, and language

We will build a country characterised by vibrant, welcoming and cohesive communities, with pride in the present and ambition for the future – a truly bilingual nation celebrating its unique culture, heritage and diversity.

- 5.2 We want a Wales of connected and thriving communities and we are putting in place the foundations for this using our health, housing and education investments. We are aligning our investment decisions to co-locate services where possible and maximising their impact.
- 5.3 Local government is at the forefront of delivering public services, responding to local needs and helping to provide a fully-coordinated response alongside wider public services. In the outline draft Budget we highlighted our approach to protect frontline services and outlined additional allocations, such as investments in social care and capital allocations to enhance the transport network. We recognise the pressures local authorities are facing and will continue to do all that we can to shield them from the worst effects of austerity. Following the UK Autumn Budget on 29 October, Local Government services are a top priority for additional funding in the event of additional resources being made available to the Welsh Government.
- 5.4 As part of our plans in *A Healthier Wales* for improved, integrated care, closer to people's homes, we are investing more than £72m in 19 new **integrated health and care centres** across Wales to 2021. Business cases are currently being developed and include a proposed £8m scheme at Bro Ddyfi Hospital, in Machynlleth, which includes an integrated hub for community healthcare and outpatient services, social services and third sector services.
- 5.5 We are investing a further £2m to extend the **Welsh Community Care Information System**. This system provides health and social care practitioners with the digital tools to work together across organisational boundaries, providing care closer to people's homes. It provides a secure, shared record of care, enabling practitioners to co-ordinate cases and manage workflows.
- 5.6 Ensuring people have access to the care and support they need is at the heart of our **social prescribing** pilot. It is designed to ensure people are treated as individuals, recognising the full range of factors, which affect their mental health and well-being. The pilot focuses on a range of local, non-clinical services and interventions, which could include activities such as volunteering, group learning and befriending. We are investing more than £1.8m over three years to third sector organisations to deliver the pilot which will build on existing work across Wales to promote social prescribing.
- 5.7 We are also investing capital funding of £15m over two years (£5m in 2018-19 and £10m in 2019-20) to ensure schools become **community hubs** and provide

community learning centres with extended services, including childcare and parenting support. This investment will fund pilots and, if successful, this approach can be rolled out across Wales.

- 5.8 Our **housing** investments – as detailed in the housing section of chapter six – recognise good-quality and affordable homes support people to live fulfilled lives and have a strong connection to their local community, while also contributing to good health including better mental health.
- 5.9 The **discretionary assistance fund** provides non-repayable payments or in-kind support, to people who need urgent assistance. In particular, the fund can help people stay in their own homes and, in turn, prevents unnecessary pressures on public services. To meet the increasing demand on the discretionary assistance fund we are providing an additional £2m in 2019-20 to increase the budget to £11.7m.
- 5.10 The additional funding for the discretionary assistance fund was part of a package of measures announced in the outline draft Budget aimed at helping tackle child poverty – the funding supports some of the most vulnerable people in Wales.
- 5.11 To further strengthen the connection people have with their local community, we are investing £5m in 2019-20 in the **Community Facilities Programme**, which provides capital grants to develop community facilities providing opportunities for local people to come together and improve their day-to-day lives. The budget helps communities maintain local facilities that bring people together, including pubs, libraries, museums, green spaces, arts centres and leisure centres, which is a specific action in the national strategy. It is an essential element of the funding that the community is involved in developing the proposals and how it will continue to be involved. This supports our ambitions to build resilient communities and to empower local people, involving them in decisions affecting their local areas.
- 5.12 We recognise communities have pride in their **local heritage, culture and diversity** and our investments in 2019-20 include £10.9m for Cadw to work towards achieving an accessible and well-protected historic environment for Wales. This investment, which includes an additional capital allocation of £3.8m in 2019-20 will enable Cadw to develop its commercial offer at a number of sites across Wales including Caerphilly Castle, Flint Castle, Tretower Court, Caernarfon Castle and Porth Mawr. The funding will help sustain the distinctive character of Wales and raise our profile as a first-class tourist destination.
- 5.13 Our budget will also help to secure the future of the **Welsh language** and play an important role in achieving our ambition of a million Welsh speakers by 2050, as set out in *Cymraeg 2050*. Setting a long-term target reflects the fact that activity aimed at increasing the number of speakers does not happen overnight – language planning is a long-term endeavour, which requires an appropriate level of funding. The initial years of the strategy will focus on laying the foundations to increase the number of Welsh speakers in the longer term.
- 5.14 The **Welsh in Education** budget, which totals £29m in 2019-20, is integral to the success of *Cymraeg 2050*, ensuring more of our young people are able to speak Welsh and that they continue to use the language in their everyday lives including in the workplace. The budget supports the expansion of Welsh-medium early years'

provision in nursery groups through to supporting young people to progress from statutory education to post-16 education and training while continuing to develop their bilingual skills.

- 5.15 Capital funding of £60m over three years (2018-19 to 2021-22) to support the roll-out of the **childcare offer** – to ensure the co-location of existing Foundation Phase provision with the new childcare offer on a single site – will also support the availability of Welsh-medium provision across Wales.
- 5.16 Funding of £5.9m for the Welsh language in 2019-20 will offer families, young people and the community the chance to learn, use and improve their **Welsh language skills** and build confidence to use Welsh in their everyday lives. The funding supports activities through the medium of Welsh which are delivered through grant funding to organisations such as Mentrau Iaith, Urdd, Merched y Wawr and Young Farmers. This helps to maintain the use of the language within Welsh speaking communities, sustaining the local culture and ensuring that the language remains a living and natural fabric of communities.
- 5.17 Revenue funding of £66.9m is allocated in the budget in 2019-20 to support **culture and the arts**, including core funding for Arts Council Wales, National Museums of Wales and the National Library of Wales. Our support for culture and arts also includes capital funding of £10.4m in 2019-20 and £3m in 2020-21.

Deliver modern and connected infrastructure

We will invest in the 21st century connections we need to thrive and compete, joining up people, communities, businesses and services to drive prosperity.

- 5.18 High-quality, modern and connected infrastructure is a key enabler of well-being – it can stimulate competitiveness and productivity and act as a catalyst for wider regeneration, supporting vibrant communities. Our ambitious plans for investing in infrastructure are set out in the **Wales Infrastructure Investment Plan** mid-point review to ensure Wales has the right infrastructure to meet its future needs.
- 5.19 Our **Economic Action Plan** sets out our ambitions to grow the economy and to equip people, places and business to face the future with confidence. Central to the plan is the delivery of modern and connected infrastructure, which will support growth and investment. This is closely related to the **National Development Framework**, which sets out how we will plan, co-ordinate and ensure our infrastructure investments are working effectively together and support our long-term ambitions for where people will live, work and how they will travel.
- 5.20 The **National Infrastructure Commission for Wales** will be an independent, non-statutory body, which will advise Welsh Ministers about Wales' longer-term economic and environmental infrastructure needs. The Commission will analyse evidence and make recommendations about Wales' needs over a five to 30-year period.
- 5.21 We are making sure the links are in place to bring communities together with an integrated approach to transport planning. Transport has a critical role in improving our economic competitiveness and delivering our social ambitions. It is also

essential if we are to encourage more companies to locate in Wales and support our businesses to grow.

- 5.22 Transport for Wales, with revenue funding of £171m in 2019-20, will deliver the new **rail franchise**. This year, we reached a significant milestone in delivering a high-quality, safe, affordable and accessible public transport network in Wales as Transport for Wales awarded the 15-year Wales and Borders Rail service, totalling nearly £5bn, to KeolisAmey.
- 5.23 Our network will be transformed to better meet the needs of communities across Wales. We have committed £800m over a longer timeframe to deliver new trains across the network, which by 2023 will see 95% of rail journeys made on new, low-carbon trains. A further £194m will be put to improving the passenger experiences at our stations across the Wales and Borders network.
- 5.24 There is £738m earmarked to modernise the central metro lines, enabling more trains to run every hour. Furthermore, there will be employment opportunities directly associated with the new contract, with 600 new jobs being offered and 450 apprenticeships over the lifespan of the contract.
- 5.25 The appointment brings significant benefits and opportunities, including a £1.9bn investment programme by the operator, KeolisAmey, which supports our objectives to bring transformation to communities and people the length and breadth of Wales and its borders.
- 5.26 Capital funding of £185m in 2019-20 and £186m in 2020-21 will support Transport for Wales in the delivery of the new rail franchise. An early component within the overall programme of improvement is the development of Taff's Well depot, which will also house and service new metro trains and will be the base for an integrated South Wales Metro control centre.
- 5.27 Transport for Wales will begin the next stages of delivering a North Wales Metro by increasing the frequency on the Wrexham to Bidston rail line to two trains an hour from 2019, with fully-refurbished, Metro-style trains. New state of the art, modern trains for shorter journeys, such as regular North Wales coast services will be serving north Wales by 2022.
- 5.28 **Bus** is a critical component of public transport and remains a key focus for both the Welsh Government and Transport for Wales. We are providing revenue funding of £25m in 2019-20 towards the bus support grant and a total of £60m capital and revenue funding in 2019-20 to fund concessionary fares. Transport for Wales will review how bus services could be delivered in future to ensure that urban and rural communities across Wales benefit from a modern, integrated public transport service.
- 5.29 We are providing of £1m to support the **TrawsCymru free weekend bus travel**. TrawsCymru supports the long distance public transport network in Wales providing significant strategically important public transport connections on key routes not served by the rail network.

- 5.30 The Welsh Government has already started to invest to implement transport interchanges to ease interaction between transport modes. One example is a new transport interchange at Bow Street, near Aberystwyth.
- 5.31 We continue to invest in our **road infrastructure**, in line with our National Transport Plan, with capital investment of £76.4m in 2019-20 and £173.8m in 2020-21. This investment will support the delivery of strategically important schemes, such as the A465 Heads of the Valleys road between Gilwern and Brynmawr, Newtown bypass, the A55 corridor across north Wales and the A40 in west Wales. By developing the north-south and east-west transport links, we can open up parts of Wales to attract and grow business and give communities better access to public services, training, employment and recreation. As part of the two-year Plaid Cymru budget agreement a capital allocation of £15m was allocated in 2019-20 for improvements to the A487 and the A470.
- 5.32 We have also allocated £4m (£1m in 2018-19 and £3m in 2019-20) to support the design and development of a **third Menai crossing** as part of the Budget agreement with Plaid Cymru and are working with local authorities, businesses and the National Grid. A new bridge will be constructed to the east of the existing Britannia Bridge and additional facilities for pedestrians and cyclists will be included as part of the scheme.
- 5.33 We will be investing an extra £78m capital over three years (£26m in each of 2018-19, 2019-20 and 2020-21) to support the **Local Transport Fund**. This will bring the total capital allocation in this budget to £36.1m in 2019-20 and £31.1m in 2020-21. This investment will support improved local transport connections, joining up people, communities, businesses and services to drive prosperity.
- 5.34 Building on the £30m investment to local authorities in 2017-18 to maintain and prevent the deterioration of the local roads network, we are providing a further £60m capital over three years (£20m in each of 2018-19, 2019-20 and 2020-21) to support a **local government public highway refurbishment** programme.
- 5.35 The *Economic Action Plan* recognises the important role **Cardiff Airport** plays to Wales and to our vision for inclusive growth. We have invested in the terminal building to improve the passenger experience and we have been successful in attracting new flights and operators to the airport. To improve the airport's connections to the wider transport network the plans for the South Wales Metro will see additional train services and a new bus interchange at Barry Town station to provide high quality facilities for a new bus link to the airport. We have also invested in the local road infrastructure. The draft budget includes revenue funding of £5.6m in 2019-20 and capital funding of £6m in 2019-20 and £2m in 2020-21 to support aviation developments across Wales.
- 5.36 We continue to call on the UK Government to devolve air passenger duty to Wales.
- 5.37 Connecting communities throughout Wales and the wider world is not just about our transport network. **Improved digital connectivity** links more people with more jobs, goods and services and can support the sustainability of rural communities. It can also help us to change our working patterns, reduce congestion, and support our aspirations for lower carbon living.

- 5.38 By ensuring that everyone in Wales has access to digital technologies and online services, we are working to achieve a smarter, better-connected society and economy.
- 5.39 Against this backdrop of digital transformation, *Delivering a Digital Wales* is the overarching plan for the development of digital connectivity in Wales. To extend the **Superfast Cymru** programme we are investing capital funding of £43.5m over two years (£17.5m in 2019-20 and £26m in 2020-21), which also levers in European funding, to deliver the next phase of high-speed broadband roll-out. This will deliver fast reliable broadband to those parts of Wales not currently served by the market and meet our commitments in *Taking Wales Forward*.
- 5.40 The delivery of the digital infrastructure provided for by our capital funding will help support future generations to develop their ICT skills by ensuring every citizen in Wales can access high-speed broadband. Our plans provide £1.25m revenue funding in 2019-20 to support digital inclusion to support people to engage with digital public services, including help to gain and retain employment, access health services and improve general well-being, preventing more costly interventions to the public purse.
- 5.41 **Public sector broadband aggregation** supports the public sector to achieve better value for money by providing a mechanism for collaborative purchasing of wide area networking services by more than 100 organisations and nearly 5,000 site services. We are investing a total revenue allocation of £8.7m in 2019-20 to support a new operating model. This will continue our work to support public services, including GP surgeries and schools, to have access to a fast, resilient and a secure network to deliver effective and efficient services to citizens.

Promote and protect Wales' place in the world

We will ensure Wales remains outward-looking and fully engaged on the European and global stage, fostering new relationships for trade and investment, and promoting the best of our nation world-wide.

- 5.42 We aim to enhance Wales' profile, reputation and influence and develop and maintain relationships around the world to help promote the nation, support business growth and attract visitors.
- 5.43 Our international offices and trade advisors work closely with Welsh businesses to help access new markets in North America, the Middle East, the Far East and elsewhere. The UK's decision to leave the EU in March 2019 marks a fundamental shift in the international environment. We are taking a strategic approach to the expansion of our international offices, based on an assessment of economic opportunities for Welsh businesses. A budget of £6.4m in 2019-20 will support this expansion.
- 5.44 The value of **Welsh exports** continues to grow, increasing by £0.7bn in the year to June 2018. In 2019-20, we have allocated £1.9m for export, trade and inward investment activity to help companies exploit opportunities for growth and promote Wales effectively on the global stage.

- 5.45 We are supporting the **food and drink industry** to develop and move in new directions, embracing new technology and advances in research and development to put Wales at the forefront of food and drink production. The budget of £5.2m supports implementation of commitments in the *Towards Sustainable Growth* strategy through the development and growth of food production and food and drink industries in Wales. We continue to work with partners throughout the industry to build on the strengths of the industry and to add value to Welsh food at every point in the supply chain. We have a 2020 target of increasing sales to £7bn.
- 5.46 **Tourism** creates a growing share of our wealth and recognition of Wales around the world is crucial. Promoting Wales with renewed energy will make the most of our economic opportunities and help maintain Wales' current competitive advantages after EU exit. Additional funding of £2m in 2019-20 will maintain the tourism and marketing budget at 2018-19 funding levels of £13.7m. We have also maintained funding of £3.9m for major events, which raises Wales' international profile.
- 5.47 Capital funding of £7m (£3.5m in both 2019-20 and 2020-21) will be allocated to create the **Valleys Regional Park**, in line with the commitment in the *Our Valleys, Our Future* plan. The park will help Valleys communities maximise the use of their natural landscapes and cultural heritage to attract more visitors to the region and to use the outdoors to improve health and well-being.

Chapter 6: Our priority areas

- 6.1 The priority areas are the areas where evidence suggests that early intervention and co-ordination across government departments and services can have a significant impact on outcomes. The six priority areas in Prosperity for All are: early years; housing; social care; better mental health; skills and employability and decarbonisation.

Early years

- 6.2 We want children from all backgrounds to have the best start in life. Our aim is that everyone will have the opportunity to reach their full potential and maximise their chances of leading a healthy, prosperous and fulfilling adulthood, enabling them to participate fully in communities, the workplace, and contribute to the future economic success of Wales.
- 6.3 The delivery of the **childcare offer** supports working families across Wales enabling parents of children, aged three and four, to take up offers of work and improve their employment choices, helping improve their family's circumstances. Funding of £40m will be available in 2019-20 to support the early implementation of the childcare offer for Wales through a demand-led rolling programme. This is a reduction of £5m from the previously published budget for 2019-20, in response to predicted take-up levels and current projections. The reduction will not impact on the planned roll-out.
- 6.4 We are investing £60m of capital funding over three years (2018 to 2021) to support the development of the childcare offer. The funding will be used to set up new childcare settings or refurbish existing ones to ensure they meet the required standard, focusing primarily on supporting the co-location of existing Foundation Phase provision with the new childcare offer on a single site, wherever possible.
- 6.5 Childcare providers will also be exempt from **non-domestic rates** from April 2019 for a three-year period.
- 6.6 We will invest an extra £10m in 2019-20 from the funding for **A Healthier Wales** in preventative schemes, which will include support for our early years priority.
- 6.7 Funding of £8.7m will be invested in providing educational support for **Minority Ethnic and Gypsy, Roma and Traveller learners**; funding of £7m to support **free school meals** and £3.554m for the **PDG Access** scheme, supporting our ambitions to ensure children from all backgrounds have the best possible start in life. These initiatives, in part, contribute to our early years priority.
- 6.8 We are continuing to invest in programmes which are specifically designed to give children the best start in life, including **Flying Start** and **Families First**. These work in some of Wales' most deprived communities helping to shape the future of young children and improving their chances of leading a healthy, prosperous and fulfilling life.

- 6.9 The purpose of these programmes is to address inequalities in early years, ensure early intervention throughout childhood to help all children realise their rights and achieve their potential, regardless of their circumstances, and enable parents and families to thrive and be resilient.
- 6.10 Flying Start and Families First were part of a number of grants which were brought together in the **Early Intervention, Prevention and Support Grant** last year. Seven pathfinder local authorities were involved in exploratory work, looking at how preventative services focused on early intervention for those in the greatest need could be strengthened.
- 6.11 Following the publication of the evaluation of the pathfinder work, we announced that from April 2019 the Early Intervention, Prevention and Support Grant will be split in two, separating the housing-related grants from non-housing elements for all local authorities.
- 6.12 A **Children and Communities Grant** will be established from 1 April 2019 with a budget of £135.4m, encompassing Flying Start, Families First, the Legacy Fund, Promoting Positive Engagement for Young People, St David's Day Fund, Communities for Work Plus¹ and Childcare and Play.
- 6.13 We will also introduce a single **Housing Support Grant**, as outlined in the housing section in this chapter.
- 6.14 Our **Healthy Child Wales** programme helps ensure families with young children have access to universal, regular engagement with health visitors, who are able to identify concerns at an early stage and offer advice on health and nutrition as well as identify family resilience and safeguarding issues.
- 6.15 We are supporting **Children First** areas, to support the better integration of services to reduce the numbers of adverse childhood experiences (ACEs) and improve the resilience of children and young people. Children First is aimed at initiating change at the local level, based on the needs of the specific place, identified by listening to children and young people and to the local community. This is part of our ambition for resilient communities, supporting children and young people in their communities and reducing the inequalities some of them face, in comparison with their peers from more socially advantaged places.

Housing

- 6.16 We want everyone to have the opportunity to live in a home which meets their needs and supports a healthy, successful and prosperous life. Good quality homes are the bedrock of resilient communities and form the basis for individuals and families to flourish in all aspects of their lives. The housing sector is a key driver for the Welsh economy, supporting tens of thousands of jobs, training opportunities and apprenticeships.

¹ Communities for Work in Blaenau Gwent is delivered through Gwent Association of Voluntary Organisations.

- 6.17 The Welsh Government is committed to – and is on track to meet – its ambitious target of providing **20,000 new affordable homes** over the course of this Assembly term.
- 6.18 Increasing the supply and choice of affordable housing is primarily being funded through the **Social Housing Grant**. Capital funding of £138m is being allocated in 2019-20, an increase of £35m on previously-published plans.
- 6.19 A key component of the overall programme, with a £45m allocation in 2019-20, is the **Innovative Housing Programme**, which is testing new housing models, fit for the future in terms of quality and energy efficiency. Improving the energy efficiency of our homes helps fight fuel poverty, reduce carbon emissions and tackle climate change.
- 6.20 To ensure people live in good-quality homes, all social housing properties must meet the **Welsh Housing Quality Standard** by the end of 2020. This draft budget will continue to provide annual capital funding of £108m to local housing authorities and stock transfer registered social landlords to help fund improvement works. This is an investment in people’s health; an investment to tackle poverty and an investment to improve people’s lives.
- 6.21 The **Housing Finance Grant** is helping to deliver at least 2,500 additional homes across Wales and assisting more people with access to a warm, safe and secure home. This draft budget will provide £13.1m in 2019-20 to enable local authorities to increase the supply of good quality affordable housing across Wales, ensuring the right types of properties are built in the right places and to maintain and support the construction industry.
- 6.22 To provide up to 6,000 people with support to purchase their own home, **Help to Buy Wales** is being allocated £61.3m in 2019-20. The majority of purchasers are first time buyers and the scheme offers support to purchase new-build houses. The budget includes funding allocated to assist SMEs to increase the supply of new market homes in order to meet current demand within Wales.
- 6.23 **Supporting People** helps vulnerable people to develop or maintain their ability to live independently. It provides for the stable home that individuals need to thrive in their communities, improve their health, access learning and work and develop their networks. Supporting People addresses a range of needs, including mental health, learning disability, the frail elderly and substance misuse for nearly 60,000 users. The decision to maintain the Supporting People budget at £124m – in line with the two-year Budget agreement with Plaid Cymru – recognises the importance of maintaining these services and approach in the face of continued austerity and the negative impact of welfare reform.
- 6.24 Supporting People was one of a number of grants, which were brought together in the **Early Intervention, Prevention and Support Grant** last year. As described in the Early Years section, the proposed grant will now be split into two, separating the housing-related grants from non-housing elements for all local authorities.
- 6.25 A single **Housing Support Grant** – £126.7m – encompassing Supporting People, Homelessness Prevention and Rent Smart Wales Enforcement will be established.

6.26 These arrangements will remain in place for the remainder of this Assembly term and will apply to all local authorities in Wales.

6.27 In 2019-20, £17.9m has been allocated in the budget for the **homelessness prevention grant**, which is used for measures to prevent or relieve homelessness, including family mediation and early intervention services.

Case Study: Homelessness prevention

The homelessness prevention grant supports statutory and third sector organisations to deliver frontline services to prevent homelessness.

It also helps people who are chronically affected by homelessness, such as rough sleepers, by funding night shelters, hostels, outreach work, mediation and bond schemes and provides a substantial network of advice services.

Homelessness policy, supported by our legislation, takes a preventative approach by seeking to prevent or quickly alleviate homelessness. Where this cannot be achieved, support services provide emergency and temporary accommodation.

We recognise that securing long-term, sustainable housing delivers better outcomes and well-being for individuals as well as being more resource effective.

Providing secure, affordable housing is the strongest basis for supporting vulnerable individuals to overcome mental health and substance misuse issues.

6.28 We are also continuing with our previously published plans to provide an additional £20m to tackle homelessness in 2019-20, including £10m specifically to tackle youth homelessness. A key part of this will be the promotion of improved practices at the local level to intervene early and prevent homelessness.

6.29 This funding will be targeted through the RSG to local authorities and via direct funding to national projects and the third sector in Wales to support those areas with the highest need.

Social care

6.30 Compassionate, dignified care plays a critical part in creating and maintaining strong communities, helping people to stay healthy and live independently for longer. Social care is a significant economic sector in its own right.

6.31 Since the start of austerity – the longest in living memory – we have taken steps to protect health and social care in the round, recognising the importance social care plays in improving health and well-being in Wales for individuals, families and communities.

6.32 Our whole-system approach to health and social care recognises services are only one element of supporting people to have better health and well-being throughout their lives. We are placing more emphasis in our spending plans on supporting

individuals to manage their own health and well-being, build resilience and remain independent for longer. We believe this is key to preventing health problems from escalating into more serious conditions.

- 6.33 As a result of the ongoing support we have provided to both health and social care, the latest figures from HM Treasury show Wales spends 8% more per person on health and social care than in England – equivalent to £206 per person.
- 6.34 We are providing an additional £50m in the draft Budget 2019-20 to support **social care**, including support for domiciliary care services, recognising the additional pressures and demand for services. This funding consists of a £30m special grant to local authorities via the Health and Social Services MEG and £20m directly to local authorities through the RSG.
- 6.35 Our budget proposals provides for increased funding to deliver **A Healthier Wales**, our long-term plan for health and social care. Building on previously-published plans to allocate £100m over two years (£50m in each of 2018-19 and 2019-20) for our transformation fund, we will now invest almost £250m in 2019-20 to support **A Healthier Wales**, to create a seamless integrated health and social care system.
- 6.36 We are allocating an extra £4.5m capital in 2020-21 in support of our plans to deliver 19 new **integrated health and care centres**. This is in addition to the funding previously confirmed for Cardigan Integrated Care Centre, which was part of the two-year Budget agreement with Plaid Cymru. We will continue to explore opportunities to bring forward further investments, which will bring community and social care services together under one roof and give people access to a wider range of services locally.
- 6.37 In 2019-20, the investment in the **Integrated Care Fund (ICF)** will increase to £85m as the amount of housing capital funding rises to £35m. The fund aims to reduce pressure on the hospital and social care system, helping to prevent unnecessary hospital admissions, inappropriate admissions to residential care and delayed hospital discharges. This is achieved by collaboration and partnership working between social services, health and housing, along with third and independent sector partners and will provide significant savings for the NHS.
- 6.38 We are investing £4.9m for services delivered by **Care and Repair** agencies supported by the Independent Living programme to help reduce the pressure on social care and keep people out of longer term residential care by making their homes suitable to their needs.
- 6.39 We will further embed **dementia support services** to implement *A Dementia Friendly Wales* by involving people early in decisions about their care and treatment so that it is personalised before their condition progresses. This includes working across transport and planning sectors to enable people with dementia to remain active and live independently for as long as possible.
- 6.40 We are investing £1m in our **St David's Day Fund**, within the Children and Communities Grant, to support vulnerable adults and care leavers in accessing services as they look to engage with work, training and education, and in securing suitable housing, particularly at key transitional stages of their lives. In particular we

will be extending our 'When I'm Ready' scheme to improve the range of accommodation options for care leavers, ensuring greater choice and control.

- 6.41 Care workers play a significant role in our communities and we want to ensure this is recognised and respected by investing in our care workers. Funding of £18m will be provided to **Social Care Wales (SCW)** as the regulators of the social care workforce. It is the leading body for driving improvement across the social care sector. SCW has developed a register of social care workers as part of its remit. It provides all those on the register with professional recognition and access to training and development resources.

Case Study: Independent Living

The priority for the Independent Living programme is supporting Care and Repair agencies, which provide services to help older people carry out improvements to their homes, allowing them to live independently in their own properties.

The services help keep older people in their own homes in comfort, safety and security. More than 30,000 older people are helped by Care and Repair services every year – 60% are over 75.

Care and Repair services help prevent older people going into residential care or being admitted to hospital and help prevent delayed discharges from hospital. It is a cost-effective service, saving the NHS and social care services money and resources.

Care and Repair provides a wide-ranging service, including practical support with home improvements, management of building work and advice about suitable contractors and even discussions on benefit entitlement. It is a key third sector player in the housing, health and well-being agenda.

Better mental health

- 6.42 One in four people in Wales will experience mental ill health at some point in their lives. Getting the right treatment at an early stage, together with greater awareness of mental health and well-being can, in many cases, prevent longer-term adverse effects.
- 6.43 In terms of the NHS, mental health is the single largest area of expenditure – we will spend £675m on **mental health services** in 2019-20.
- 6.44 We are maintaining our commitment, as part of the two-year Budget agreement with Plaid Cymru, to provide £20m extra in 2019-20 for mental health services.
- 6.45 We are also making an additional £2.5m available in 2019-20 through the Education MEG targeted specifically at improving mental health services for young people. This provision will be informed by the **youth work pedagogical approach**, which aims to support young people's personal, social, and emotional development, and is well-placed to help address emerging mental health and well-being issues.

- 6.46 This funding will form part of our new strategic approach to youth work in Wales, which will be both evidence-based and co-developed with young people and the sector through our Interim Youth Work Board.
- 6.47 Of the additional funding for **A Healthier Wales**, £15m will support mental health services and learning disabilities, including funding for programmes in schools, wraparound mental health support for the homeless and perinatal mental health services. This includes funding for the new whole-school approach to mental health and well-being, which is being developed in response to the National Assembly's Children, Young People and Education Committee's *Mind Over Matter* report.
- 6.48 The creation of the **Valleys Regional Park** as part of the Ministerial Taskforce for the South Wales Valleys' plan – *Our Valleys, Our Future* – will improve access to the natural environment. Building healthier communities and better environments, while promoting good health and well-being for everyone, is at the heart of our vision for the Valleys. Capital funding of £7m has been allocated (£3.5m in 2019-20 and £3.5m in 2020-21) to establish the Valleys Regional Park.

Case Study: Families First

Our Families First programme is designed to ensure children in Wales have the best possible start to life and can achieve their full potential. Mental ill health and well-being issues are a barrier to that. The focus of Families First is to identify any issues early and to intervene at the earliest opportunity to prevent problems escalating to crisis point.

Experiences during childhood – good and bad – will determine the lives of adults, including mental health and well-being. Children who grow up feeling safe and secure, in nurturing home environments with parents who respond consistently to their needs are likely to have good social, emotional and cognitive development and to go on to live long, happy, healthy, prosperous and productive lives. Children, who grow up feeling unsafe, in neglectful or abusive home environments, are more likely to go on to live shorter, unhappier, unhealthier, less prosperous and productive lives.

The link between childhood trauma or adverse childhood experiences (ACEs) and poorer life outcomes is clear. This is particularly true where adults experience four or more ACEs. Our current focus on ACEs does not mean that we no longer need to address other forms of childhood disadvantage, such as neglect and poverty. Where we find high incidences of ACEs we often find poverty and neglect.

Swansea's award-winning Team Around the Family trains primary school staff to recognise issues and provide early support to pupils and families. It is helping people to turn their lives around and reducing the number of preventable referrals to social services.

- 6.49 Exposure to adverse childhood experiences (ACEs) substantially increases the risks of mental illness, with 41% of adults in Wales who suffered four or more ACEs in childhood now living with low mental well-being, compared to 14% who experienced no ACEs during childhood.
- 6.50 We are continuing the work of the **ACE Support Hub**, through Public Health Wales, to raise awareness of ACEs and support individuals, organisations and communities to become ACE-informed.

- 6.51 The focus to date has been on action to prevent ACEs and support for those who have experienced ACEs. When children and young people experience ACEs they are more likely to perform poorly in school, more likely to adopt health harming, risky behaviour and more likely to be involved in crime. Continuing the work to raise awareness of ACEs among professionals can help to mitigate their impact and help break the cycle. Preventing ACEs and mitigating their impact is both long-term and preventative and enables public services to collaborate and integrate to meet this shared goal.
- 6.52 Our **new curriculum** for Wales is driven by four purposes, which outline how we want to support our young people throughout their education. These four purposes are at the heart of the new curriculum and are the starting point for all decisions on the development of the new curriculum and assessment arrangements. One of these purposes is that young people develop into healthy, confident individuals. This will ensure that learners develop the skills and knowledge they need to build relationships based on mutual trust and respect and maintain their mental and emotional well-being, by developing confidence, resilience and empathy.
- 6.53 The curriculum will be structured around six Areas of Learning and Experience, one of which is health and well-being – this focuses on giving young people the skills, knowledge and experience they need to support their physical, mental and emotional well-being. This will ensure that mental resilience is embedded as part of the new curriculum.
- 6.54 Building on our commitment to well-being in our schools, we are supporting health and well-being, including mental health through **specialist mental health in-reach support for schools**.
- 6.55 There is a clear need to support teachers in responding to children and young people who are experiencing difficulties such as anxiety, low mood, and compulsive, self-harm or conduct disorders. The NHS has a role in training and consultation across sectors, providing early help in schools by providing suitably-trained staff. Last year, we launched the child and adolescent mental health services to schools in-reach pilot programme with total funding of £1.4m between 2017-18 and 2020-21. The pilot programme, jointly funded by Health and Education, is providing dedicated professional support to schools. In 2019-20, an additional £0.5m has been allocated to support the pilot programme.

Skills and Employability

- 6.56 We want an economy built on high-quality skills, giving businesses the resources to grow and innovate and people the ability to prosper. Everyone should be equipped with the skills they need to get a job and the opportunity to develop new skills throughout their working life.
- 6.57 We launched the **Employability Plan** in March 2018 which sets out how we will work across the Welsh Government to individualise employment support, up-skill and support workers, meet regional and local skills needs, and prepare for a radical shift in the world of work in the future.
- 6.58 We have committed to eliminating the skills gap between Wales and the rest of the UK in 10 years. Through our support for schools, further education and higher

education, including work-based learning and working with the three Regional Skills Partnerships, we will ensure that our skills provision reflects current employer needs, keeps pace with the economy and is ready for the future.

- 6.59 We are committed to contributing to Prosperity for All via our two community based employment programmes, **Communities for Work** and the **Parents Childcare Employment**, which are jointly funded by the European Social Fund and delivered by working in partnership with the Department for Work and Pensions. Both programmes are funded until 2020 and will provide £84.5m in employment support services in the most deprived communities in Wales over the life of the projects.
- 6.60 In addition, Communities for Work Plus has been designed as a wraparound, fully integrated support service to the Communities for Work programme ensuring there is no duplication of support and alignment with local priorities and provision. The Communities for Work programme has a budget of almost £12m in 2019-20, which is part of the wider Children and Communities Grant.
- 6.61 We are committed to creating a minimum **100,000 all-age apprenticeships** over the course of this Assembly term. We will invest £115m in 2019-20 to continue the delivery of this flagship commitment.
- 6.62 Our new **Working Wales** employability programme will be launched in April 2019, delivering on the Prosperity for All commitment to streamline and join up current employability and skills support, focused on meeting individuals' needs. This all-age programme will support people to overcome barriers and gain the skills to achieve and maintain good quality, sustainable employment. The aim is to sustain the high rate of employment in Wales, reduce economic activity and enhance individuals' well-being through secure, sustainable jobs. We will launch the **Employment Advice Gateway**, a single entry point to simplify access to employability support in February 2019, delivered by Careers Wales. We will commit £9.18m in 2019-20 to the development and delivery of the Employment Advice Gateway.
- 6.63 We have continued to protect the budget that supports skills and employability with funding of £56m in 2019-20. This is complemented by employability activity in other portfolio areas.
- 6.64 The **Flexible Skills Programme** provides targeted skills interventions to employers where recruitment and skills needs cannot be met through existing provision or where there is a clear case for direct involvement by the Welsh Government. We are working with Regional Skills Partnerships to ensure that skills support is firmly focused on regional economic needs and opportunities, for example through large infrastructure projects in each region, aligned with City and Growth Deals. The programme will facilitate £6m of direct skills support, through the EU Transition Fund, to key companies in the aerospace and automotive sector.
- 6.65 In line with our two-year Budget agreement with Plaid Cymru, we continue to invest £20m in 2019-20 for **higher and further education**. We recognise the importance of further education in increasing skills levels, and reducing the number of young people not in employment, education or training. We value our vibrant and innovative higher education system, which in turn will help to build the Welsh economy and equip people with the highest level of skills.

- 6.66** Good skills unlock growth and innovation for businesses, which means they need to be able to recruit workers with the right skills. Our previously-published plans included capital funding of £10m over two years (2018-19 and 2019-20) for **further education institutions** to invest in industry-standard training equipment to ensure training uses the latest technology and satisfies local employer needs.

Case Study: In-work Support Service

The Welsh Government is working with and supporting the businesses to improve the health and well-being of employees and help people to remain in employment with a specific focus on mental health and musculoskeletal conditions, including through the economic contract.

The In-Work Support Service is a Welsh Government and EU-funded project, which provides free and rapid access to occupational health to help people with mental or physical health conditions to remain in employment.

The service is helping to tackle poverty by preventing people losing work because of health problems and helping small and medium employers with the impact of sickness absence. The cost to the Welsh economy of work-related ill health is estimated at £500m a year (Health in Wales, 2017).

Demand for the service has been high. To date, it has provided occupational health services to nearly 3,400 employees – mainly therapeutic interventions to 2,100 people with musculoskeletal issues and 1,300 people with mental health issues. This has helped more than 2,500 people to remain in work; 430 people to return to work and some 1,800 SMEs to reduce the business impact of sickness absence.

The Welsh Government is providing £2.2m match funding to continue the service to 2022. This will leverage an additional European Structural Fund investment of almost £7m and enable the service to support another 8,000 people and up to 2,500 small and medium-sized employers.

- 6.67** We are investing capital funding of £17.5m in 2019-20 and £26m in 2020-21 for **phase two next generation access broadband**. Access to fast, reliable broadband enables more people to work from home and more business to be completed by technology rather than face-to-face, reducing travel and carbon emissions.

Decarbonisation

- 6.68** We are increasing our focus on decarbonisation as the benefits of reducing emissions will be felt widely and will contribute to many of our priorities. It will lead to improved health and well-being and will open up new economic opportunities.
- 6.69** The landmark Environment (Wales) Act 2016 provides a long-term decarbonisation pathway for Wales and sets a legal target of reducing emissions by a minimum of 80% by 2050, along with a series of interim targets for 2020, 2030 and 2040.

- 6.70 Work has begun to align the financial and carbon budgeting processes to incorporate decarbonisation into strategic decision-making, details of which can be found at annex B.
- 6.71 If we are to meet our decarbonisation targets, we must transition to a low-carbon economy. We are investing in low-carbon programmes and taking steps to ensure the spending decisions we make now about our long-term infrastructure support our emission reduction framework.
- 6.72 In March 2019, we will publish our **Low Carbon Delivery Plan**, which will set out policies and proposals to help deliver emissions savings as we move towards a low-carbon economy.
- 6.73 Considering carbon impact is a key factor when allocating **new capital funding** to new projects and priorities. This was a key consideration when we allocated capital funding at the time of the publication of the *Wales Infrastructure Investment Plan* mid-point review, in May. Investments included £25m over three years for the Tech Valleys programme in the South Wales Valleys, which places growth, fair work and decarbonisation at the heart of economic development.
- 6.74 We are ensuring all new health and education buildings funded by the Welsh Government are designed and built to **maximise energy efficiency**. Funding is conditional on projects being designed to achieve an A rating on energy performance certificates, as well as an excellent accreditation under the Building Research Establishment Environmental Assessment Methodology (BREEAM) to demonstrate sustainability. In addition, contracts must specify that 15% recyclates are used during construction.
- 6.75 The initial focus of the **National Infrastructure Commission for Wales**' work will be on decarbonisation and green and blue growth. The commission's immediate role will be to engage with stakeholders to gather a wide range of views on future infrastructure.
- 6.76 Decarbonising all homes in Wales by 80% by 2050 is a significant undertaking, which recognises the need to tackle both the cause of climate change and the need to improve the quality and energy efficiency of homes. In turn, this will help to tackle rising levels of fuel poverty, which has a range of negative impacts, including cold-related health conditions, excess winter deaths, lower educational attainment among children and time off school and work due to sickness.
- 6.77 The Welsh Government is providing capital funding of £27m in 2019-20 and £23m in 2020-21 to the **Warm Homes** programme, which includes **Nest** and **Arbed**, and over the programme period 2017-21 will improve the energy efficiency of up to 25,000 homes across Wales and to provide stability and certainty for the energy-efficiency supply chain in Wales to grow their business. Our investment will also lever in up to £24m of EU funding, in addition to funding from the UK Energy Company Obligation (ECO).
- 6.78 Through **Re:Fit Cymru**, which we established in 2016, we aim to generate approximately £39m of investment in large-scale energy efficiency projects in the

public sector. To date approximately £12m has been invested, with a further £26m projected by March 2020.

Case Study: Decarbonisation through procurement

The way we procure and what we procure can make a significant contribution towards achieving our carbon reduction targets. In the last year, good progress has been made to establish mechanisms for achieving decarbonisation through procurement.

A high-level carbon mapping and spend analysis of the £6bn public sector procurement spend in Wales is being undertaken to identify the high-priority carbon intensive categories/areas of spend, the public bodies undertaking the expenditure and the associated suppliers. This exercise, which will also specifically focus on Welsh Government expenditure, is using the approach taken by Natural Resources Wales and will enable identification of high-priority areas, identify quick wins and longer-term interventions to reduce emissions, helping public bodies meet their own decarbonisation objectives.

We are also requiring businesses to use resources efficiently and proportionately and support efforts to minimise waste and its impact. Low carbon considerations are central to this and, with their involvement, we expect businesses to contribute to our carbon reduction targets.

For example, a new key performance indicator tool has been developed by the National Procurement Service (NPS) and the Waste and Resources Action Programme (WRAP) for use in food frameworks. It enables suppliers' carbon footprints to be measured and monitored through contract management. We are further collaborating with the Future Generations Commissioner's office to support a series of procurement pilot projects across a number of local authorities. These are exploring how to reduce plastics and non-recyclables in catering disposables; reducing plastics in food supply chains; and reviewing the NPS arrangements with milk suppliers to ensure milk cartons and straws are recyclable and to develop more sustainable alternatives.

We have also developed a tool, in collaboration with Transport for Wales, to measure the carbon emissions associated with transport. This is an additional feature of the Community Benefits Measurement Tool already widely used to capture employment, apprenticeships and training provided through public sector contracts.

The outcomes and lessons learned from the range of work on decarbonisation are being captured to form a toolkit of new policy guidance and other tools, templates and clauses for use across Wales, enabling public bodies to prevent or mitigate carbon-generating activities.

6.79 The UK Government's Clean Growth Plan estimates that the low carbon economy could grow 11% a year between 2015 and 2030, four times faster than the projected growth of the economy as a whole. Investing in infrastructure in the low carbon economy has been outlined as a huge area for potential opportunities and growth and has a wider knock-on effect in terms of jobs.

6.80 We are investing more than £6.5m to support Swansea University's new **Active Building Centre** as a national centre of excellence for innovation in housing and

energy generation. Its vision is to transform the construction and energy sectors, through the deployment of active buildings powered by the sun, creating energy resilient communities, and significantly contributing to electric vehicle and decarbonisation targets.

- 6.81 Decarbonising the energy sector presents enormous challenges and opportunities for Wales. In terms of the way we produce energy, we need to ensure that the infrastructure we invest in helps to generate low carbon energy, improves transmission and distribution and ensures we are fit for the future, enabling smart technologies and meters to provide flexible solutions.
- 6.82 The **Welsh Government Energy Service** was launched in October 2018, bringing together the support services previously provided as Green Growth Wales and the Local Energy Service. The service now provides a single point of contact for public sector organisations and others seeking to develop energy efficiency or renewable energy schemes. It offers technical, financial and commercial support to public bodies and communities. The Wales Funding Programme and the Welsh Energy Loan Fund together provide loans, including low or interest-free loans, to support installations.
- 6.83 Since the launch of Green Growth Wales in 2015, and the evolution of Ynni'r Fro into the Local Energy Service, we have invested more than £55m of zero-interest loans across the public sector in Wales and supported the delivery of a further £27m of energy and energy efficiency projects, where finance was secured from alternative routes. This approach helps to reduce the running costs of public bodies across Wales and will realise savings of £183m over the life of the installed technologies in which we are investing and reduce carbon emissions by more than 80,000 tonnes. The initiative aims to have approximately £70m of original capital invested in public sector projects by the end of the current government term, which we will continue to recycle into further projects.
- 6.84 As part of the new **economic contract**, in return for government support, businesses will need to commit to reducing their carbon footprint.
- 6.85 Around two-thirds of greenhouse gas emissions are the result of energy supply, business and industry. Our digital investment, as noted in chapter five, will ensure people have access to fast, reliable broadband enabling them to work from home and more business will be transacted digitally rather than face-to-face, thereby reducing carbon emissions.
- 6.86 Our spending plans include £2m for **charging points for electric cars** over two years (£1m in 2018-19 and £1m in 2019-20), as set out in the two-year Budget agreement with Plaid Cymru. This funding will establish a publicly-accessible, national network of rapid charging points. The focus will be on locations on or near the strategic road network, with a particular emphasis on north-south and east-west journeys.
- 6.87 We have a strong track record in driving up **recycling** and we will invest £4.5m in 2019-20 and £4.5m in 2020-21 to help Wales meet the challenge of zero waste.

- 6.88 We are also allocating £8m in 2019-20 and £8m in 2020-21 to fund the collaborative change programme to help local authorities to invest in service changes and increase the range of materials that they can recycle, making it easier for people to play their part in recycling. This brings our total additional capital investment to £25m for waste recycling and collaborative change to support our decarbonisation programme and support our *Prosperity for All* commitment to move towards a more resource efficient economy.
- 6.89 The funding will help promote the provision of new infrastructure to treat the additional materials local authorities collect and includes £6.5m for a **Circular Economy Capital Investment Fund** aimed at promoting market development and the take up of recycled materials in manufacturing. Together, higher recycling, new infrastructure and market development will drive a circular economy in Wales, promote jobs and support carbon reduction.

Annex A: Prevention

1. The outline draft Budget 2019-20 set out the importance of prevention to the Welsh Government to maximise the impact of our resources and highlighted the focus the Future Generations Commissioner is placing on prevention.
2. Working with the third sector and the Future Generations Commissioner, we have developed a multi-layered definition of prevention, which recognises the broad range of funding and services we deliver. It is intended to aid policy decisions while recognising that not everything we do can be aimed at primary prevention, but over time we can move towards a focus on preventing difficulties for people, our economy and our environment before they arise.

Prevention is working in partnership to co-produce the best outcomes possible, utilising the strengths and assets people and places have to contribute. Breaking down into four levels, each level can reduce demand for the next:

- **Primary prevention (PP)** – Building resilience – creating the conditions in which problems do not arise in the future. A universal approach.
- **Secondary prevention (SP)** – Targeting action towards areas where there is a high risk of a problem occurring. A targeted approach, which cements the principles of progressive universalism*.
- **Tertiary prevention (TP)** – Intervening once there is a problem, to stop it getting worse and prevent it reoccurring in the future. An intervention approach.
- **Acute spending (AS)** – Spending, which acts to manage the impact of a strongly negative situation but does little or nothing to prevent problems occurring in the future. A remedial approach.

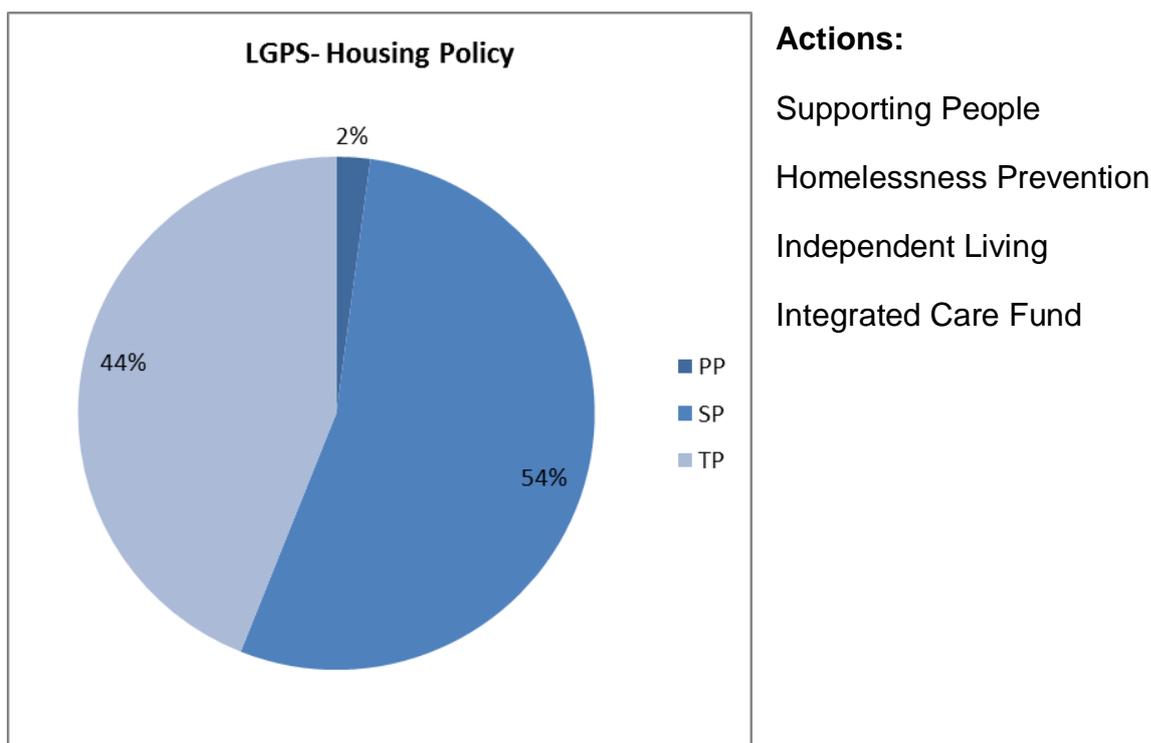
* **progressive universalism** is a determination to provide support for all, giving everyone and everything a voice and vested interest, but recognises more support will be required by those people or areas with greater needs.

3. Pressure on resources and the very real need of public services to provide restorative interventions means that not all funding can be directed towards prevention.
4. Some of the actions required to prevent the problems tackled by one public body or department – for example hospital admissions as a result of road accidents (NHS) – may need to be taken by an entirely different public body or department, such as the introduction of pedestrian crossings or speed restrictions (local authorities, Welsh Government or UK Government).
5. The money invested by one body or department – for example, planting urban street trees by local authorities – may generate savings for another body, such as health boards, if improvements in air quality results in a reduction in respiratory

problems, but they may generate fewer, or less immediate or obvious, cost-savings for the acting body itself.

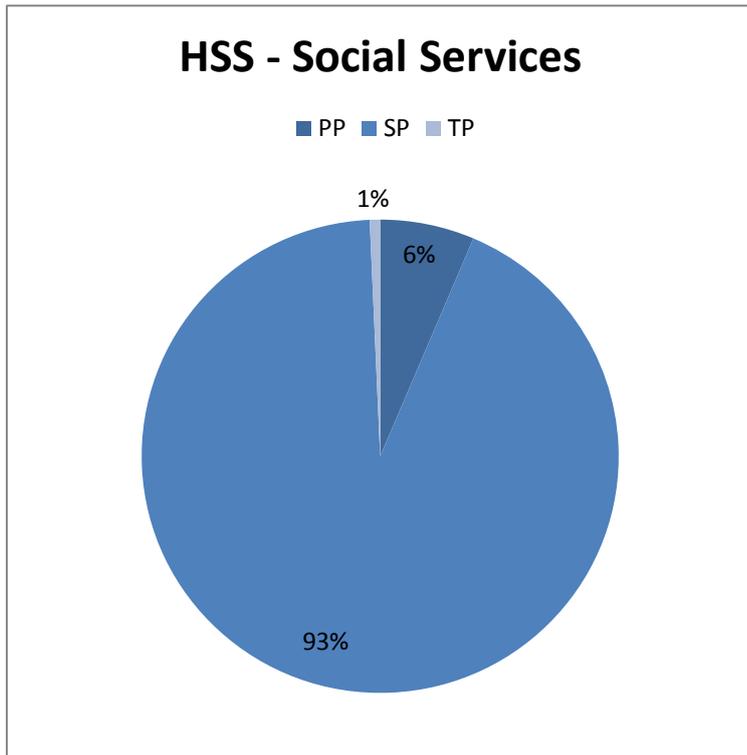
6. Even when an undesirable outcome is prevented, it can be difficult to say exactly which intervention had the greatest impact to develop the most cost-effective practice.
7. As part of our focus on prevention, we have completed initial work to classify spend in the Welsh Government against the definition of prevention. We have selected spending areas, formed of a group of budget actions from the main portfolio MEGs to review. The review uses 2018-19 final Budget figures to form an accurate as possible picture.
8. In some cases where information is not available because it is held by another body, we have made estimates of the split by the different prevention category. The results by spending area are set out below.

Local Government and Public Services (LGPS) – Housing - £155.2m



The housing policy area of the LGPS MEG is primarily focused on secondary (SP) and tertiary (TP) preventative spend. Most of the money is given directly to Local Authorities to spend on what is strategically relevant in their local areas, which involves specific targeting towards those in precarious housing situations (secondary prevention). Revenue funding is set aside for those who are homeless and capital funding for rapid response teams to help the elderly resettle in their homes after time spent in hospital (tertiary prevention).

Health and Social Services (HSS) – £34.9m



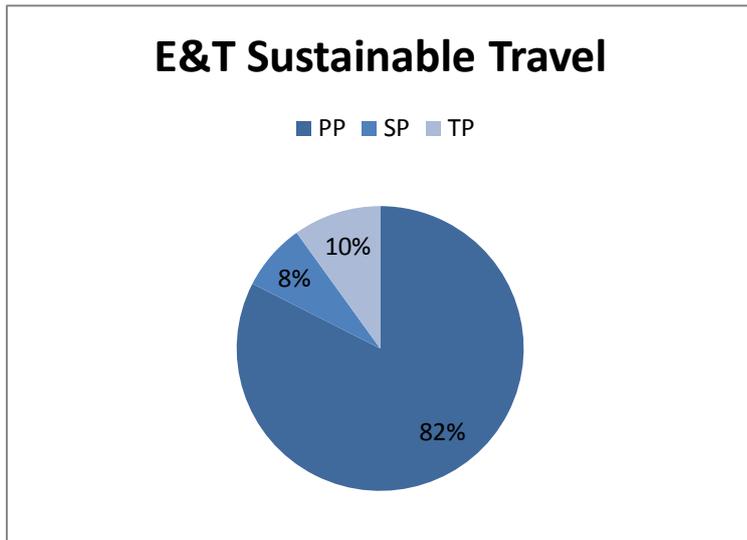
Actions:

- Social Care and Support
- Partnership and Integration
- Older People’s Commissioner
- Social Care Wales

The social services area of the Health and Social Services MEG is the most focused on secondary prevention (SP) of all the areas assessed, with 93% of spend falling into this category.

Social services are based on need and targeted towards vulnerable groups in society. For example, the £1.1m revenue spending on the Carers Strategy is aimed at supporting those who have caring responsibilities, which can place significant pressure on an individual’s well-being. More than half of the primary preventative (PP) spend comes from the £1.5m funding for the Older People’s Commissioner for Wales, which helps public bodies improve support for older people and thus a role in preventing problems escalating.

Economy and Transport (E&T) – Sustainable Travel - £102.5m

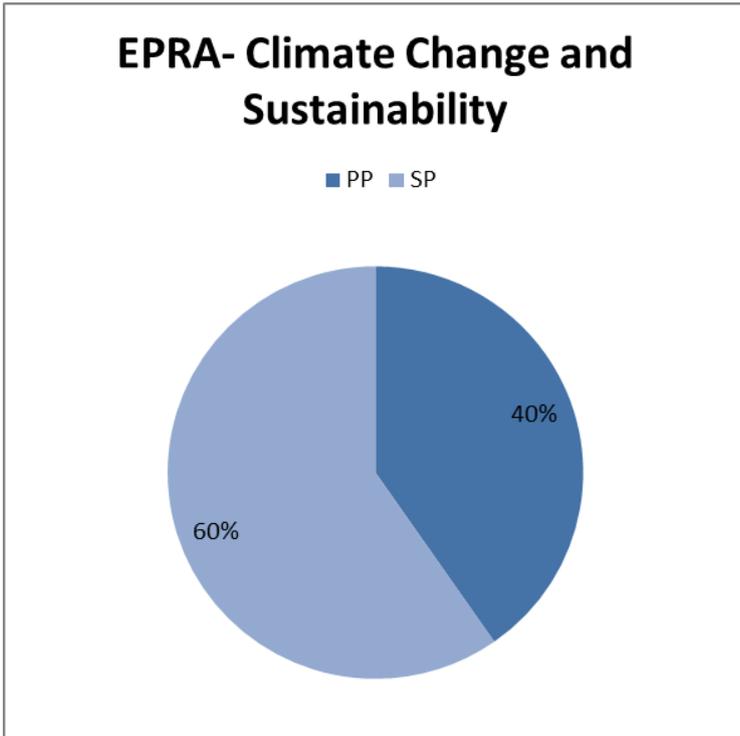


Actions:

- Sustainable Transport
- Youth Concessionary Fares
- Sustainable Travel

A key focus of the sustainability agenda is the need to build a transport infrastructure which is accessible for as many people as possible to improve connectivity between communities and reduce environmental damage. The sustainable travel area of this MEG is focused on primary prevention (PP), with revenue expenditure such as the £25m spent on funding the bus services support grant almost entirely classed in this category.

Capital spending is also centred on primary prevention, with 80% of the £39m spent on the support infrastructure for concessionary fares targeted at the over 60's, regardless of financial circumstance.



Actions:

Developing and Delivering Overarching Policy and Progress towards Sustainable Development and Natural Resource Management

Developing and Improving Climate Change, Efficiency and Green Growth

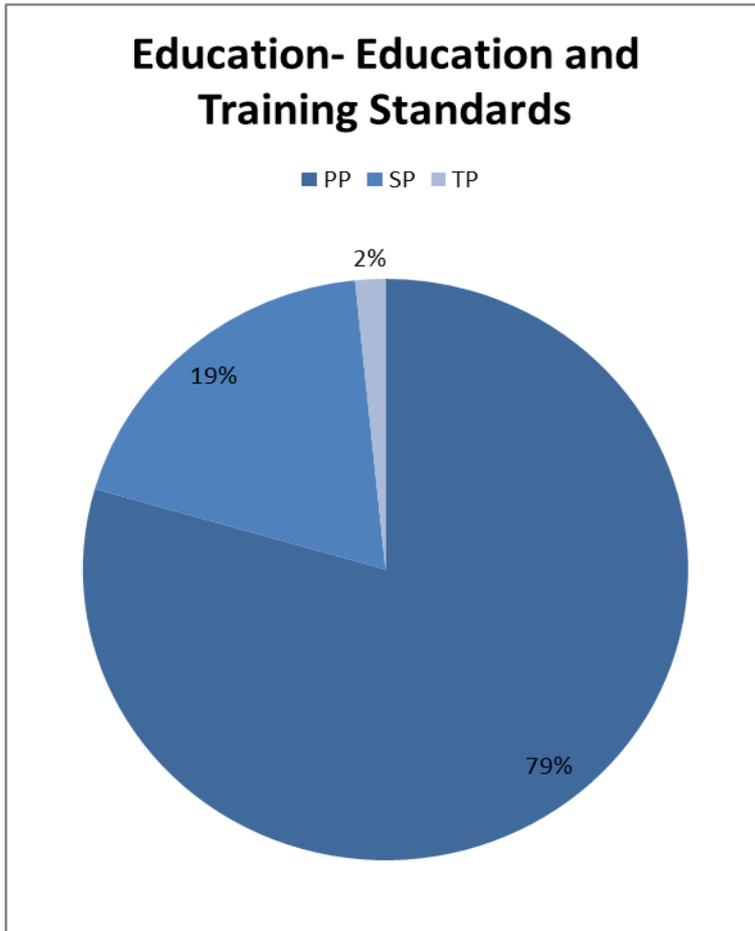
Manage and Improve Waste Strategy and Procurement

Developing, Improving Flood and Coastal Risk Water

The climate change and sustainability area of this MEG covers policies, which we all benefit from, specifically in the areas of decarbonisation and waste strategy.

The capital allocation includes £27m invested in flood and coastal erosion risk management policy, which is designed to develop resilience in areas of the country which are at a higher risk of damage from flooding and coastal erosion and is, therefore, mainly classified as secondary prevention. The spending on fuel poverty programmes, such as NEST, are also secondary preventative measures as they seek to help specific groups of people who may be unable to afford to heat their homes.

Education – Education and Training Standards - £1bn



Actions:

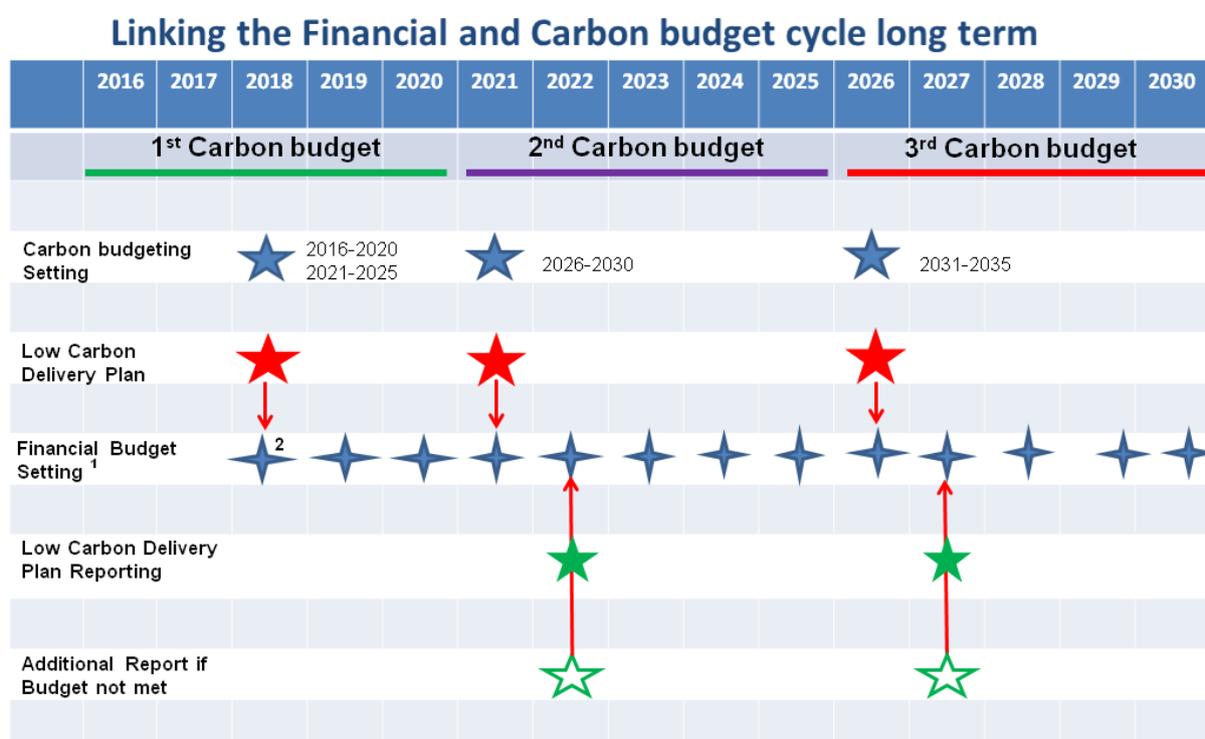
- Literacy and Numeracy
- Curriculum
- Teaching and Leadership
- Qualifications Post 16 Education
- Higher Education
- Education Standards
- Pupil Development Grant
- Estate and IT Provision

Due to its universal nature, the education and training standards area of the Education MEG is heavily weighted towards primary prevention. Notable areas of primary preventative spending include the £309m provision for further education and £92m for sixth forms. Both are areas open to all who are qualified to attend.

9. We will continue to work with the third sector and the Future Generations Commissioner to look at how we can move this work from concept to practice, to support preventative spending decisions.

Annex B: Alignment of Financial and Carbon Budget Cycles

1. As part of the work of the Decarbonisation Ministerial Task and Finish Group we have looked to see how our financial and carbon budget cycles can be aligned to support better decision making through policy and financial planning. The low carbon delivery plan is updated every five years; the financial budget is usually set for one to four years depending on the UK spending review period.
2. Aligning the two is more challenging in the first carbon budget period due to the timing of the first *Low Carbon Delivery Plan*. The diagram below sets out the long-term cycle.



¹ The length of time that budgets can be set for is dependent on the timing and length of UK Government spending reviews. The next spending review is in 2019.

² The 2019-20 budget is published before the low carbon delivery plan is finalised following the consultation. This budget sets one year plans for revenue for 2019-20 and two year plans for capital to 2020-21.

3. Further levers have also been developed across government – decarbonisation has been included as a priority area in Prosperity for All; it is one of the criteria against which capital proposals are assessed; it is a key consideration in all Ministerial advice and an assessment in the screening section of the new integrated impact assessment tool

Annex C: Implementation Costs of Legislation

Costs of Implementing Enacted Legislation in 2019-20

[Click on the title of each Act for background information]

Title of Acts	Which BEL funds the costs?	Implementation phase	RIA Estimate of Costs for	Actual Costs for	RIA Estimate of Costs for	Actual Costs for	Amounts Set Aside in Budget for
Health and Social Services							
<u>Regulation and Inspection of Social Care (Wales) Act 2016</u>	Sustainable Social Services	2016 – April 2019	2016-17 £	2016-17 £	2017-18 £	2017-18 £	
			£2.1m	£282,000 ¹	£1.8m	£1.5m	
			2018-19 £	2018-19 £	2019-20 £	2019-20 £	
			£1.8m	£1.5m	£1.8m	£1.5m	
<u>Public Health (Wales) Act 2017</u> ²	Health Improvement & Healthy Working	July 2017 – March 2022	2016-17 £	2016-17 £	2017-18 £	2017-18 £	
			-	-	£593,000	£11,931	
			2018-19 £	2018-19 £	2019-20 £	2019-20 £	
			£1.8m	£430,729 (est.)	£724,000	£476,500	

¹ Due to the phased approach adopted for implementation, costs to the service regulator have been staggered rather than concentrated in the first year as indicated in the RIA.

² The expenditure incurred was less than originally estimated due to the complex nature of some elements of the work and pressure on resource. Additional resources have been allocated for implementation to proceed.

Title of Acts	Which BEL funds the costs?	Implementation phase	RIA Estimate of Costs for	Actual Costs for	RIA Estimate of Costs for	Actual Costs for	Amounts Set Aside in Budget for
Local Government and Public Services							
<u>Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015</u>	Violence against Women, Domestic Abuse and Sexual Violence	Oct 2015 – Oct 2021	2016-17 £	2016-17 £	2017-18 £	2017-18 £	
			£331,500	£331,500	£331,500	£331,500	
			2018-19 £	2018-19 £	2019-20 £		2019-20 £
			£351,500	£351,500	£361,296		£361,296
<u>Renting Homes (Wales) Act 2016</u> ³	Policy Development and Implementation (Action and BEL)	Jan 2016 – Apr 2019	2016-17 £	2016-17 £	2017-18 £	2017-18 £	
			£140,000	-	£65,000	-	
			2018-19 £	2018-19 £	2019-20 £		2019-20 £
			£35,000	£140,000 (TBC)	£20,000		£65,000

³ Due to a delay in implementation the anticipated costs have been re-profiled into the current and future years, which is still subject to change as decisions on implementation are ongoing.

Title of Acts	Which BEL funds the costs?	Implementation phase	RIA Estimate of Costs for	Actual Costs for	RIA Estimate of Costs for	Actual Costs for	Amounts Set Aside in Budget for
Economy and Transport							
<u>Historic Environment (Wales) Act 2016</u>	Conserve, protect, sustain and promote access to the historic and natural environment	2016-2021	2016-17 £	2016-17 £	2017-18 £	2017-18 £	
			£220,887	£220,000	£230,000	£181,321	
			2018-19 £	2018-19 £	2019-20 £		2019-20 £
			£197,000	£217,000 (budgeted)	£197,000		£197,000
Education							
<u>Additional Learning Needs and Education Tribunal (Wales) Act 2018</u>	Additional Learning Needs		2016-17 £	2016-17 £	2017-18 £	2017-18 £	
			£27,409	£27,409	£158,000	£123,461	
			2018-19 £	2018-19 £	2019-20 £		2019-20 £
			£175,000	£36,074 to date	£353,500		£353,500

Title of Acts	Which BEL funds the costs?	Implementation phase	RIA Estimate of Costs for	Actual Costs for	RIA Estimate of Costs for	Actual Costs for	Amounts Set Aside in Budget for
			2016-17 £	2016-17 £	2017-18 £	2017-18 £	
			-	-	£370,000	£289,025	
	Raising Standards		2018-19 £	2018-19 £	2019-20 £		2019-20 £
			£3.2m	payment to be made in March 2019 ⁴	£3.2m		£3.2m
Environment, Planning and Rural Affairs							
			2016-17 £	2016-17 £	2017-18 £	2017-18 £	
			£25,000	£55,000 ⁵	£25,000	£30,493	
<u>Agricultural Sector (Wales) Act 2014</u>	Legislation and Policy Implementation	July 2014 - July 2018	2018-19 £	2018-19 £	2019-20 £		2019-20 £
			£25,000	£40,000 ⁶ (est.)	£25,000		£100,000

⁴ There is an expectation that the full £3.2m will be spent in 2018-19. However, this is under review pending formal approval of the ALN transformation leads' regional plans (which sets out how they plan to spend the grant monies)

⁵ Additional costs incurred as external legal support was required in the initial stages of the panel.

⁶ The advisory panel wish to reform and modernise the Wages Order and specific specialist legal support is required.

Title of Acts	Which BEL funds the costs?	Implementation phase	RIA Estimate of Costs for	Actual Costs for	RIA Estimate of Costs for	Actual Costs for	Amounts Set Aside in Budget for
<u>Planning (Wales) Act 2015</u> ⁷	Planning and Regulation	2016 - 2020	2016-17 £	2016-17 £	2017-18 £	2017-18 £	
			£353,611	£40,532	£94,295	£67,201	
			2018-19 £	2018-19 £	2019-20 £		2019-20 £
			£83,595	£223,056	£140,468		£10,866
<u>Environment (Wales) Act 2016</u> ⁸	Environment & Rural Affairs Group	2016 - 2019	2016-17 £	2016-17 £	2017-18 £	2017-18 £	
			£69,000	£135,511	£33,000	£310,380	
			2018-19 £	2018-19 £	2019-20 £		2019-20 £
			£75,000	£139,000	£15,000		£140,000

⁷ The largest variance in costs is shown in 2016-17 and the RIA reflects the anticipated inclusion of a £120,000 payment from the Welsh Government to assist LPAs to cover set up costs and production of the SDP, which was also included as a means of incentivising LPA to pursue the production of an SDP following the Royal Assent of the Act. With no interest expressed by LPAs during this period no costs were incurred. Other differences between RIA and actual figures reflect changes in the cost profile over a number of years.

⁸ Actual costs reflect changes in the cost profile and the need for additional supporting pieces of work following further development of the programmes. The RIA costs and wider appraisal framework will be developed further to support regulations under a number of parts of the Act.

Health and Social Services

Regulation and Inspection of Social Care (Wales) Act 2016

1. The Regulation and Inspection of Social Care (Wales) Act is a set of provisions that will provide a revised and streamlined legislative framework for the regulation and inspection of care and support in Wales.
2. The Act proposes to introduce changes that will:
 - reform the regulatory regime for care and support services;
 - provide a regulatory framework that requires an approach to the regulation of care and support services focused on outcomes for service users;
 - reform the inspection regime for local authority social services functions;
 - reconstitute and re-name the Care Council for Wales as Social Care Wales and broaden its remit; and
 - reform regulation of the social care workforce.

Public Health (Wales) Act 2017

3. Across its broad range of provisions the Public Health (Wales) Act will make an important contribution to public health in Wales. It will put in place important protections for the public, including extending the smoke-free requirements to certain open spaces, a mandatory licensing scheme for special procedures as well as prohibiting the intimate piercing of anybody under the age of 18. The Act will also seek to address other important public health issues including obesity and the planning of toilets for use by the public.

Local Government and Public Services

Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015

4. The overarching objective of the Act is to improve the public sector response in Wales to gender-based violence, domestic abuse and sexual violence. It is intended to provide a strategic focus on these issues and ensure consistent consideration of preventive, protective and supportive mechanisms in the delivery of services.
5. For 2019-20 the funding for the Violence against Women, Domestic Abuse and Sexual Violence will be £361,296. This consists of the costs to deliver the National Training Framework and the costs associated with the National Advisors.

Renting Homes (Wales) Act 2016

6. At the heart of the Act are the new 'occupation contracts'. With a limited number of exceptions, the Act replaces all current tenancies and licences with just two types of occupation contract:
 - secure contract - modelled on the current secure tenancy issued by local authorities.
 - standard contract - modelled on the current assured shorthold tenancy used mainly in the private rented sector.

7. The Act requires landlords to issue a written statement of the occupation contract which clearly sets out the rights and responsibilities of landlords and those renting from them. A minimum six-month occupation period will be maintained by the Act and landlords will have to ensure the property is fit for human habitation. The Act also helps protect people from being evicted simply for complaining about the condition of a property.
8. People who find themselves in difficult circumstances also benefit from the Act. It will help to prevent current homelessness situations where a joint tenant leaves the tenancy, thereby ending the tenancy for everyone else. The new approach to joint contracts will also help victims of domestic abuse by enabling the person carrying out domestic abuse to be targeted for eviction.

Economy and Transport

Historic Environment (Wales) Act 2016

9. The Historic Environment (Wales) Act 2016 has three main aims:
 - to give more effective protection to listed buildings and scheduled monuments;
 - to improve the sustainable management of the historic environment; and
 - to introduce greater transparency and accountability into decisions taken on the historic environment.
10. The Act amends the two pieces of UK legislation — the Ancient Monuments and Archaeological Areas Act 1979 and the Planning (Listed Buildings and Conservation Areas) Act 1990 — that currently provide the framework for the protection and management of the Welsh historic environment. It also contains new stand-alone provisions relating to historic place names; historic environment records and the Advisory Panel for the Historic Environment in Wales.

Education

Additional Learning Needs and Education Tribunal (Wales) Act 2018

11. The Additional Learning Needs and Education Tribunal (Wales) Act 2018 will replace the current Special Educational Needs (SEN) framework with a reformed system based on Additional Learning Needs (ALN).
12. The Act makes provision for universal, statutory Individual Development Plans for all children and young people with ALN. This will bring an end to the current distinction between school led interventions and local authority issued statements and will integrate the separate legislative arrangements that exist for pupils in schools and post-16 students in colleges. The Act also seeks to improve collaboration between local authorities and health boards, as well as establishing a fairer and more transparent system with greater emphasis on disagreement avoidance and dispute resolution.

Energy, Planning and Rural Affairs

Agricultural Sector (Wales) Act 2014

13. The Agricultural Sector (Wales) Act 2014 was enacted to perform the following:
 - the establishment of the Agricultural Advisory Panel for Wales;
 - the making of agricultural wages orders which set the terms and conditions for agricultural workers; and
 - the enforcement of the terms and conditions in those orders.
14. Although the Act states that it will terminate 4 years from the date coming into force, it underpins the Agricultural Advisory Panel for Wales (Establishment) Order 2016 and the annual Agricultural Wages (Wales) Orders as set by the Advisory Panel.

Planning (Wales) Act 2015

15. The aim of the Planning (Wales) Act is to deliver a planning system which is positive in outlook and enables development, helping to deliver sustainable places that include homes, jobs and infrastructure, whilst providing opportunities to protect and enhance the most important built and natural environments.
16. To achieve this aim the Act:
 - redefines the respective roles and responsibilities of organisations involved in delivering planning services; and
 - makes improvements to the development plan, development management and enforcement systems to improve performance and realise the full potential of planning to help deliver national, local and community aspirations.

Environment (Wales) Act 2016

17. The overarching aims of the Environment (Wales) Act are to put in place legislation that will enable Wales' resources to be managed in a more proactive, sustainable and joined-up manner and to establish the legislative framework necessary to tackle climate change.
18. The Act makes provision to help plan and manage Wales' natural resources at a national and local level, through specific requirements for a State of Natural Resources Report (SoNaRR), a National Natural Resources Policy (NNRP) and area statements. The provisions will enable greater integration and simplification of policies, plans and programmes where this is consistent with existing statutory duties. The Act provides Natural Resources Wales (NRW) with a general duty that aligns fully with the statutory principles for the sustainable management of natural resources, and provides NRW with enhanced powers to undertake land management agreements and experimental schemes in line with those principles. The Act also provides public authorities with a reshaped requirement to seek to maintain and enhance biodiversity.

19. The Act also includes provisions to tackle climate change, through statutory emission reduction targets and carbon budgeting to support their delivery. It also includes provisions to improve the use of resources in relation to carrier bags and waste management. The sections on carrier bag charging enable improvements to the existing scheme for single use carrier bags and those on waste provide the Welsh Ministers with powers to take action to achieve higher levels of recycling for business waste, food waste treatment and energy recovery. The Act also clarifies the law for a number of existing environmental regulatory regimes including marine licensing, shellfisheries management, land drainage and flood risk management.

Annex D: Strategic Integrated Impact Assessment

Introduction

1. In September 2017, we published *Prosperity for All: the national strategy*, which sets out our aim to deliver a prosperous Wales which benefits everyone.
2. Our long-term aim is to build a Wales which is prosperous and secure; healthy and active; ambitious and learning and united and connected. To deliver this aim, we identified 12 well-being objectives which set out where we can make the greatest contribution to the national well-being goals, placing the Well-being of Future Generations Act at the heart of our decision-making. Within our strategy, we identified the steps we will take to meet these objectives; how we will join up services, and how we will focus on the things that have the greatest impact.
3. More information about our well-being objectives and how they maximise our support for the national well-being goals can be found in the *2017 Well-being Report*¹
4. In the outline draft Budget narrative², we set out the framework for the strategic integrated impact assessment and the different lenses we use to assess the impact of our decisions.
5. We also set out the context for this Budget– the financial outlook, the key long-term challenges for Wales and the underpinning commitments in *Prosperity for All* and *Taking Wales Forward*.
6. We have been working to develop our approach to impact assessments, which are an integral part of developing comprehensive and balanced policy making. Appraising the impact – both positive and negative helps us to target our increasingly scarce resources on those actions which will have maximum impact on people's and Wales' well-being. From the earliest stages, policies, programmes and legislation will be developed to maximise economic, social, cultural and environmental well-being – not just now but for the long term.
7. An integrated assessment approach provides a more realistic assessment of the overall impact of spending decisions – this recognises impacts are interrelated and cannot be considered in isolation.
8. In response to a report by the Public Policy Institute for Wales (now the Wales Centre for Public Policy) we have developed a new integrated assessment tool. This will help us to undertake a rounded assessment of the impact of a proposed action, bringing together the range of impact assessment duties in a coherent

¹ <https://gov.wales/docs/strategies/170919-wellbeing-statement-en.pdf>

² <https://beta.gov.wales/sites/default/files/publications/2018-10/outline-draft-budget-narrative-2019-2020.pdf>

framework, reducing complexity and duplication. It was launched in July 2018 and will be reviewed after six months.

9. In appraising the impact of budget decisions, we have taken a proportionate approach, taking an initial appraisal of whether a full impact assessment is required. This has involved considering for example, if an allocation of funding is very small compared to the overall budget, the change is part of a planned programme closure where outcomes are being delivered in a different way or efficiencies have been made.
10. We have drawn on a range of evidence to inform our budget decisions, including evidence and research produced within, or funded by, the Welsh Government, which can be found on the Statistics and Research pages of the Welsh Government website³.
11. Predicted demographic, social, environmental and economic trends suggest key priority areas, such as schools, health and social services will bear the greatest degree of increased future demand and are of particular importance to people with protected characteristics.
12. Monitoring and evaluating policies as they progress in a transparent way which enables debate among partners and stakeholders is very important. Our intention is to always plan evaluation at the start of the programme so the impact can be monitored and assessed throughout.
13. We also rely on our partners, where we deliver un-hypothecated funding and where decisions are taken at a local or regional level- for example, through core NHS spending or the local authority revenue support grant (RSG) - to assess the impact of their decisions and act accordingly. These bodies deliver core public services, which are either universal in nature or used by people with protected characteristics or in lower socio-economic demographics.
14. We recognise the pressures facing the wider public sector in this prolonged period of austerity- the longest in living memory. As a result of the additional allocations we are making in the draft Budget 2019-20, some of which relate to additional costs local authorities are facing this year, we have managed to reduce the cut to the RSG to less than £13m, including floor funding to limit reduction to any local authority to 1%. This equates to a reduction of 0.3% on a like-for-like cash basis compared to 2018-19.
15. While the un-hypothecated RSG is the largest single source of funding available to local government by the Welsh Government, local government benefits from other funding sources, including specific grants and funding streams from Welsh Government departments to local authorities.
16. The real-terms pressure on local authority funding will inevitably mean that some services have to change- and these decisions will be taken by local authorities at a local level, using local level evidence.

³ <https://gov.wales/statistics-and-research/?lang=en>.

17. We will work with local authorities to mitigate or minimise impacts where we can. This builds on the steps we have taken in recent years to develop better mechanisms to provide assurance about the outcomes being delivered, while balancing the need to reduce bureaucracy and increase flexibility for local authorities to respond to local needs.

Prosperous and Secure

Support people and businesses to drive prosperity

18. The ***Economic Action Plan***⁴ has the overarching aim of increasing wealth and well-being whilst reducing inequalities experienced by individuals and communities across Wales. The plan has three policy objectives – inclusive growth; future proofing business and the economy; and empowering people and regions.
19. In Wales unemployment rates are highest for those aged 16 to 19 and fall as people get older; men are nearly twice as likely as women to be self employed and men are more likely to be in full-time employment than women. The foundation sectors, including tourism, social care and retail offer flexibility in part-time working and women are over-represented in these areas; women are also over-represented in administrative and secretarial occupations and under-represented in skilled trade occupations. All categories of disability have significantly lower rates of employment than those who are not core disabled under the Equality Act or work-limited disabled. Ethnic minorities as a whole have a lower employment rate than the white population, but this masks wide variations between groups.
20. The development of the *Economic Action Plan* took into account that certain groups are more likely to experience poverty and exclusion than others. It is a long-term agenda for change and we recognise that delivering its aims will require more than a change to budgets in any single year. Whether in work or out of work, the *Economic Action Plan* is about supporting people to lead secure, healthy and rewarding lives. We support business not as an end in itself, but because of the wider benefits that productive, competitive and growing businesses bring to the people of Wales. One of the first developments is bringing together funding streams through the Economy Futures Fund to deliver streamlined and simplified business funds.
21. The **Economic Contract** will drive change in areas through a commitment from businesses to growth potential, fair work, the promotion of health, skills and learning in the workplace and progress in lowering the carbon footprint. Doing these things does not just make good business sense; they also directly support people and improve the experience of workers in the workplace. It will help to promote workplaces that are more diverse.
22. This includes directly contributing to Article 27 (the right to an adequate standard of living) of the United Nations Convention on the Rights of the Child (UNCRC).
23. The plans include an additional allocation of financial transactions capital of £3m in 2019-20 and £4m in 2020-21 to the **Development Bank of Wales**' Wales Micro

⁴ <https://gov.wales/docs/det/publications/171213-economic-action-plan-en.pdf>

Business Loan Fund. This is a priority for investment as the latest business population estimates indicate that there are approximately 209,000 Small to Medium Enterprises (SMEs) in Wales of which around 199,000 (95%) are microbusinesses. This indicates a growth of 8% since 2012, which suggests a continued and growing demand for smaller amounts of finance and early stage finance. This group will also benefit from the small business rates relief scheme.

24. As part of the equality impact assessment for the Development Bank of Wales, the demographics of beneficiaries of each of the active funds were analysed. There was a higher representation among the Wales Micro Business Loan Fund beneficiaries of women business owners and ethnic minority business owners compared to the corresponding Welsh SME ownership averages. There was a slight under-representation of young people as beneficiaries of the fund, suggesting there was scope to further engage with young people as a source of potential deal flow for the fund.
25. The Development Bank's commitment to increasing its regional office footprint will mean a greater presence in local communities, including in Welsh-speaking heartlands.
26. To support working parents and to help parents take up job offers and boost employment choices the **childcare offer** is being phased in across the country. Recognising there are many types of family groupings and their situations and circumstances can sometimes be complex, the funding rules are comprehensive.
27. There is limited information about uptake of childcare by ethnic group. Data is being collected as part of the evaluation and monitoring of the early implementation of the offer and will be published later this autumn. The Welsh Government considers it a priority to ensure the offer is as accessible as possible to all eligible parents. We are engaging with parents to understand the current barriers that prevent them from being able to access childcare and what's important to them about how the offer is delivered. This engagement has highlighted that flexibility and choice of childcare is vital to everyone being able to access it.
28. The **Employability Plan**⁵ sets out our aims to support people into employment, to boost well-being and help drive prosperity and how this links to the economic contract. Those who are not employed are classed as either unemployed; as seeking and available to work, or economically inactive. When comparing Wales with other countries and regions within the UK, unemployment rates over the last year are similar to the UK rates, however the percentage of those who are economically inactive is higher in Wales.
29. The actions in the Plan delivered through existing and new programmes such as **Working Wales** and the **Employment Advice Gateway** aim to contribute to increasing productivity levels in Wales in the next decade; eliminate the gap in working age unemployment and economic activity rates between Wales and the UK average within 10 years; eliminate the gap between Wales and the rest of the UK at all qualification levels in 10 years and reduce the number of people who are not in education, employment or training in Wales.

⁵ <https://beta.gov.wales/sites/default/files/publications/2018-04/employability-plan.pdf>

30. The **Tech Valleys** programme, with an additional investment of £10m capital funding in 2019-20 and in 2020-21, is intended to offer a wide range of opportunities to all, thereby reducing inequality and providing training and apprenticeships to equip individuals from any background with transferrable skills. It aspires to future-proof the economy by capitalising on the opportunities arising from the fourth industrial revolution by encouraging the adoption of emerging digital technologies that support cutting-edge industries, including the automotive sector.
31. Employment generated by Tech Valleys will benefit Ebbw Vale, Blaenau Gwent and the wider South Wales Valleys, areas which include some of the most deprived communities in Wales.
32. **Credit unions** play a vital role in our communities by tackling financial exclusion, providing safe savings products and affordable loans to their members and working to deliver financial awareness and education. They are financial co-operatives and members' savings and any interest earned on loans stays in the local community to benefit local people. Our £500k loan support that is being made available to credit unions in 2019-20 means that they can grow and carry on supporting more people.
33. We are bringing academics, the NHS and industry together through our investment in **health innovation and research**. This includes £3m from 2019-20 for a bid to create a centre of excellence for Wales and the West of England at the National Imaging Academy and £8m financial transaction funding for two years, over the period 2019-2021 for health innovation centres. The centres will focus on a particular clinical need or population health challenge, improving patient outcomes through the adoption of new health technologies and services. While driving economic growth through applied research and innovation, it is also supporting people in the long-term to manage conditions and increase their employment prospects.
34. As part of our preparations for **Brexit** we have worked with stakeholders to try to understand the impact of leaving the European Union in a deal and no deal scenario. Our £50m **EU Transition Fund** project builds on this work to gather further evidence and support sectors in preparing for Brexit. We have set out clear policy positions in a number of white papers⁶. The UK Government has published a significant number of technical notices which set out the potential impacts of a no deal situation on a wide range of issues. Wales is a net beneficiary of European funding and it has a significant positive impact on areas such as farming, skills and infrastructure investment. The Chief Economist's report, published alongside the outline draft Budget, sets out the impact of Brexit on the Welsh economy and makes it clear that the severity of the impact will depend on the form that Brexit takes. It is likely that Wales will be hit disproportionately by a "hard" Brexit.

Tackling regional inequality and promote fair work

35. The *Economic Action Plan* recognises regional variations in wealth and well-being and that different parts of Wales have different opportunities and challenges. The regional model of economic development in the *Economic Action Plan* will help

⁶ <https://beta.gov.wales/brexit>

drive opportunities in every part of Wales so location is no longer a barrier preventing people and communities from improving their well-being. Regional economic statistics are reported quarterly⁷.

36. We have appointed chief regional officers in each of the regions of Wales and they are actively engaging with stakeholders in each of those regions, including those representing rural interests to gather feedback and intelligence on our approach. An additional £2.5m will support this work. These inputs will help shape the delivery of national programmes and influence the development of regional business plans.
37. The future of our **Welsh-speaking communities** and our regional economy are linked. Thriving local economies will support our target of one million Welsh speakers by 2050. Good quality jobs and regions that are attractive places in which to live, work and invest, will provide people with a reason to remain or return to work and live in communities where the Welsh language thrives. A thriving Welsh language supports business growth and provides tangible opportunities for regional economic development.
38. Certain groups with protected characteristics are more likely to experience poverty and exclusion than others. The focus of the *Economic Action Plan* on inclusive growth, and strong regional and foundation economies will support an inclusive agenda, ensuring that everyone and every part of Wales has access to opportunities to lead rewarding lives. This includes driving cultural and behavioural change through the economic contract to support more inclusive workplaces.
39. ***Our Valleys, Our Future***⁸ is a place-based approach, in collaboration with communities and local people, to deliver real change for the South Wales Valleys; which will create good-quality jobs, closer to people's homes; improve people's skills and improve community well-being.
40. The South Wales Valleys have many strengths, but they also face a unique set of deep-rooted challenges, largely caused by the decline of heavy industry and the end of coal-mining. To close the current employment gap and ensure employment levels in the South Wales Valleys are the same as the Welsh average means we will help 7,000 unemployed, or economically-inactive people living in the Valleys, into work. We are investing £25m capital funding over 2019-21 to strengthen **seven strategic hubs** to provide opportunities for the private sector to provide new jobs. The equality impact assessment for the *Our Valleys, Our Future* plan sets out the expected positive impact for all protected characteristics in relation to increased employment opportunities.
41. We are investing, together with the UK Government, local government and other partners in billion-pound **city deals** in the wider Cardiff capital region and Swansea region. Global trends indicate cities will be where the majority of population and economic growth can be expected to take place in the 21st century, and where new jobs, smart businesses and highly-educated and skilled people will increasingly be concentrated. Despite growth in both areas, the large disparities in levels of unemployment, household poverty and workless households closely align with

⁷ <https://gov.wales/statistics-and-research/regional-economic-labour-market-profiles/?lang=en>.

⁸ <https://gov.wales/docs/dsjlg/publications/comm/170720-our-valleys-our-future-env2.pdf>

health, crime and educational inequalities, which can be seen across the cities. Given the role low income plays in all forms of deprivation, there needs to be inclusive growth across the city regions. Connecting the jobs created in the cities to residents of the wider city regions will be a priority.

42. Capital regeneration funding of £28.6m in 2019-20 and £36.8m in 2020-21 will focus on key towns, cities or settlements. It is intended these areas will benefit from economic growth by assisting local authorities, the private and third sector partners with capital projects which can provide integrated solutions.
43. The **Targeted Regeneration Investment** programme has the wider aims of sustainable development and activities focused at individuals and areas particularly where there is high deprivation. It will help create jobs, enhance skills and employability and create the environment for businesses to grow and thrive. The **Building for the Future** programme has three component parts - to identify target buildings and sites; to work with the end user and ensure project sustainability and to work to support those individuals furthest from the employment. The schemes also actively target key listed buildings and those with architectural merit, which actively reinforces a sense of place and cultural heritage of our town centres.
44. In 2017, the First Minister announced it was his ambition for Wales to be a Fair Work Nation, where everyone can access better jobs closer to home- developing skills and careers, where we can all expect decent, life- enhancing work without exploitation or poverty - where we all build prosperity and share in that prosperity. The **Fair Work Commission** was created in July 2018 to make recommendations to promote and encourage fair work in Wales. £200k has been allocated to support the commission in 2019-20.
45. The principles of fair work capture pay, job security, employee voice, safety and security, skills and progression. Evidence suggests people sharing protected characteristics are impacted differently by employment practices across all of these areas. For example, there is some evidence to suggest groups already experiencing labour market disadvantage in the UK are most impacted by insecure work, including women and black and minority ethnic workers. Other evidence suggests there is a concentration of women in low-paid sectors, and that time out from the working environment and part-time working can make it more difficult to access training opportunities or progression. A persistence of low pay and a lack of focus on progression can be factors in levels of in-work poverty and reduced productivity.
46. The Fair Work Commission has been tasked with developing indicators and measures of fair work and with identifying data sources to help monitor progress. The commission's work in this area will be used to support a more detailed assessment of any actions that are taken forward once the Commission has reported its findings.

Drive sustainable growth and combat climate change

47. The natural resources of Wales - our air, land, water, wildlife, plants and soil - when cared for in the right way, can provide food and energy as well as helping us to reduce flooding, improve air quality, and provide materials for construction.

48. Revenue funding of £24.7m in 2019-20 and capital investment of £55m over two years in **flood and coastal defences** protects both our natural and built environments. The latest flood risk assessment identified 21,600 properties in Wales at high risk of flooding from rivers and the sea. A further 39,500 properties were identified as at medium risk of such flooding (there are other risks to properties of flooding – from surface water and heavy rain – which are not included in these figures and are less easy to predict). Funding is prioritised to the most at-risk communities, taking into consideration future climate change. Investment enables communities to adapt and to be economically and socially resilient against the risk of flooding. Flood awareness activities help support communities to prepare, respond, and quickly recover should flood events occur.
49. Our flood risk management interventions are designed with the long-term impact of climate change and rising sea levels in mind. Natural Resources Wales manage our national habitat creation programme to scope for and provide any necessary coastal habitat compensation as a result of plans or projects funded through our flood and coastal erosion risk management programmes.
50. Wales has the best recycling rates in the UK with 64% (2016-17) of local municipal **waste** being recycled. We are one of the top countries in the world for recycling. We continue to invest and procure support for food waste and residual waste treatment, including energy from waste with £36.6m revenue in 2019-20 and capital funding of £23m in 2019-20 and £16.5m in 2020-21 in this draft Budget.
51. Efficient use of natural resources, including re-use and recycling, contributes to a reduced demand for extracted and harvested materials from across the planet. This reduces the impact of Welsh consumers on the global environment.
52. Options for new waste infrastructure are being considered and developed in collaboration with local authorities in Wales. Plans for additional treatment capacity for reprocessing, recycling and energy recovery are also taking account of the need for businesses for increased source segregation and collection of recyclable materials in line with the requirements of Part 4 of the Environment (Wales) Act.
53. The capital budget for waste for 2019-20 includes an investment in the circular economy capital investment fund of £6.5m. Welsh businesses and communities are reliant on many materials that have to be imported. Re-using and recycling these materials for use within a circular economic model makes Wales more resilient through reducing the demand for strategically important materials.
54. The Waste Enforcement (England and Wales) Regulations 2018 are part of a range of measures aimed at tackling waste crime and poor performing waste sites in Wales. The small number of waste operators whose activities either fail to meet the required standards or operate illegally can cause pollution to the environment and endanger human health. Additional funding of £296k in 2019-20 will help support new powers that give Natural Resources Wales the ability to prohibit or restrict access to permitted and illegal sites and expand Natural Resources Wales and local authorities' powers to serve a notice on occupiers and owners of land,

requiring them to undertake specified action on waste unlawfully kept or disposed of on their land including its removal.

55. Our **Landfill Disposals tax Communities Scheme** will receive £1.5m a year from revenue raised by landfill disposals tax. The scheme supports projects focusing on:
- Biodiversity - improving conditions to help native species, pollinators and providing opportunities for new planting; restoring, maintaining and enhancing natural habitats; and engaging and supporting participation and understanding to embed biodiversity;
 - Waste minimisation - encouraging prevention, re-use, recovery and recycling of waste; reducing food waste and supporting initiatives such as composting; and engaging and supporting understanding to enable waste to be seen as a resource;
 - Wider environmental enhancements - creating community green spaces and supporting green infrastructure; bringing neglected and run-down areas back into community use; and maintaining or improving community facilities.
56. Wales is home to a broad range of animal and plant species and many special habitats. While the latest evidence shows some positive trends in relation to Welsh peat lands and the recovery or stabilisation of some soils and species the latest comprehensive assessment of the Welsh natural resources (*State of Natural Resource Report*, Natural Resources Wales) shows that overall, biological diversity is declining, and no ecosystems in Wales can be said to have all the features needed for resilience. Our rural economy has an important part to play in protecting our natural environment.
57. The delivery of the **Rural Development Programme**, an investment of £26.5m revenue in 2019-20 and £19.7m capital over 2019-2021, is through engagement, co-production and collaboration. The seven year investment programme supports a wide range of activities which contribute to fostering the competitiveness of agriculture; ensuring the sustainable management of natural resources and climate action; and achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment.

Healthy and Active

Deliver quality health and social care services fit for the future

58. We set out in the outline draft Budget our priority for **investment of health and social care**. We are investing £220m to meet the rising costs of the NHS (the Nuffield gap) and a further £94.6m to invest in the *Agenda for Change* pay deal for NHS workers.
59. We are investing a further £192m in 2019-20 to implement *A Healthier Wales*⁹, our long-term plan for health and social care in Wales, which aims to make a positive impact on people's health and well-being throughout their lives.

⁹ <https://gov.wales/docs/dhss/publications/180608healthier-wales-mainen.pdf>

60. *The Well-being of Wales 2017-18* report¹⁰ sets out the latest data which supports the well-being goal of *A Healthier Wales*. This data underpins decisions that are made by public bodies across Wales to support the goal, not just the Welsh Government.
61. The headline measures for health show little or no change over the most recent year, such as life expectancy, percentage of babies born with a low birth weight and the percentage of people with fewer than two positive lifestyle behaviours. These are long-term indicators that will take time to influence.
62. Recent data shows that after years of sustained increases, gains in life expectancy have continued to slow and even stop. This is true across the UK and is evident elsewhere globally.
63. Self-reported very bad or bad health was the strongest factor associated with the poorest personal well-being for adults. Health was also the most important factor when looking at mental well-being.
64. The picture for child health continues to be mixed. There have, for example, been improvements in dental health, but child obesity increased over the year and is similar to four years ago.
65. The extra funding for the health service is intended to have a positive impact on all people, but will have a disproportionately positive impact on those groups of people that use the services the most, particularly the very young and older people.
66. Deprivation is strongly linked to life expectancy – people born into deprived families will have shorter healthy life expectancy. This is reflected in the healthy life expectancy gap between the most and least deprived areas of Wales and this has not changed in recent years.
67. The expected impact of additional funding has to be tempered by the rising costs of healthcare associated with an increase in demand and the more sophisticated and costly treatments that are becoming available.
68. By focusing on **prevention**, including targeted health protection, supporting people to manage their own health and through the integration of health and social care, in line with *A Healthier Wales*, we are looking to manage the demand on the health service ensuring people get the right level of care from the right healthcare professional.
69. We are investing £16m in 2019-20 as part of our **New Treatment Fund** to speed up access to the latest medicines. These medicines treat a wide range of diseases including rheumatoid arthritis, cancer, epilepsy, and heart disease. All of these are life threatening and or life-limiting. This significant investment will help remove uncertainties about funding for new treatments and ensure equity of access across

¹⁰ <https://gov.wales/docs/statistics/2018/180920-well-being-wales-2017-18-en.pdf>

Wales, helping the NHS prepare sustainable plans for the introduction of new medicines.

70. For most types of **cancer**, survival decreases as the stage at which the diagnosis is made progresses. While survival rates in Wales compare poorly to Europe, largely as a result of the stage at which diagnosis is made, they are similar to England. We are investing in cancer treatment, early diagnosis, screening and awareness programmes together with prevention programmes, in line with the *Cancer Delivery Plan for Wales*¹¹.
71. Measuring well-being is complex and well-being changes throughout your life course. Analysis shows that during secondary school there are some dramatic changes in children's well-being, self-reported health and lifestyles. Whilst at age 11 girls and boys report similar well-being and self-reported health, by aged 16 a gap is evident, with girls reporting lower well-being and worse health.
72. **Mental well-being** improves from younger ages until very old ages but life satisfaction dips during middle age. Girls score significantly poorer than boys on the moods and feelings scale and are more likely to self harm.
73. The £675m we will spend on mental health services in 2019-20 supports all ages, but we are focusing £15m from the additional funding allocated to *A Healthier Wales* to support some of the most vulnerable – young people, those with learning difficulties, the homeless and perinatal mental health services. This will have a positive impact on people with certain protected characteristics, including younger people, disability and pregnancy.
74. The additional investment in the health service and *A Healthier Wales* supports children under the UNCRC through Article 6 (All children have the right to life. Governments should ensure that children survive and develop healthily), Article 23 (Children who have any kind of disability should have special care and support so that they can lead full and independent lives) and Article 24 (Children have the right to good quality healthcare).
75. We set out the impact of our capital investment in the health services in the outline draft Budget.

Promote good health and well-being for everyone

76. There was no significant change in any of the five main healthy lifestyle behaviours (not smoking, not drinking over weekly guidelines, fruit and vegetable consumption, physical activity, and healthy weight) between 2016-17 and 2017-18. Most **health behaviours** begin to deteriorate in secondary school, but improve in older age.
77. Smoking rates and the percentage of people consuming excess alcohol in Wales have both fallen over the longer term. But while there are some positive trends, challenges remain and the more deprived areas of Wales face greater challenges. 15% of adults in these areas show fewer than two healthy lifestyle behaviours compared with only 9% in the least deprived areas.

¹¹ <https://gov.wales/docs/dhss/publications/161114cancerplanen.pdf>

78. Our investment of £13m to take forward national plans to support people to make positive lifestyle choices is aimed at continuing the downward trend in **smoking and drinking** and to reduce the incidence of the remaining indicators. The link to deprivation emphasises the importance of our *Economic Action Plan and Employability Plan* on people's health and well-being.
79. We are supporting our proposal to introduce an annualised net earned income threshold of £7,400 for **free school meals** (FSM) with effect from 1 January 2019, with funding of £7m. This will enable eligible pupils to have equal opportunity to participate and succeed in school. We also propose introducing measures which will protect families from losing entitlement to free school meals for a limited period, helping to avoid hardship by giving them more time to adjust.
80. We expect children and parents with certain protected characteristics will be more likely to benefit from the new eligibility criteria than other groups. We have no evidence to indicate that the new proposals for FSM eligibility criteria would have a negative impact on other protected characteristics.
81. The provision of a free healthy meal and school milk supports UNCRC Articles 6 (children develop healthily) and 24 (children have nutritious food). Provision of additional funding to local authorities so that they can provide FSM for families in need, supports UNCRC Article 26 (the Government should provide extra money for the children of families in need). The provision of FSM to families who are most in need aims to support UNCRC Article 27 (provide children with a standard of living that is good enough to meet their physical and mental needs).
82. Our investment of more than £26m to support the **Substance Misuse Action Plan** will support some of the most vulnerable in society. Our interventions are based around preventing harm; supporting substance misusers; supporting families and tackling availability and protecting individuals and communities. We are also allocating £1.98m to restore funding to the **All-Wales Schools Liaison Programme** as part of our preventative approach.
83. Statistics are collected quarterly relating to treatment services for substance misuse, including data about drug and alcohol use. Since 2015, there has been a decline in referrals, however the data only relates to people attending treatment services for substance misuse and as a result only represents a proportion of all substance misusers.

Build healthier communities and better environments

84. One of the key principles of the Social Services and Well-being (Wales) Act 2014 is collaboration, ensuring strong partnership working between organisations and co-production with people needing care and support.
85. We are increasing our investment in the **Integrated Care Fund** to £85m in 2019-20. The fund is helping to drive integrated working between health, social care, housing and the third sector for a range of preventative purposes, including supporting older people to maintain their independence. As well as the savings associated with NHS from preventing unnecessary hospital admissions and reducing delayed hospital

discharges it ensures that people receive the most appropriate care for their needs, speeds up recovery times and enables people to be treated in their communities.

86. Data from the national survey shows sports participation amongst adults increased in 2017-18 compared with last year, with 32% of adults having participated three times a week or more. However, 41% of adults aged 16 or over reported having not participated in any sport or physical activity. Men and younger age groups were more likely to take part in sport three or more times a week than women and older age groups respectively.
87. We are maintaining funding for **sport and physical activity** at £22.3m in recognition of the positive impact that participation in sports can have on mental well-being and physical health, but also in terms of improving social connectedness and reduction in anti-social behaviour.
88. To address challenges we face in securing our nation's physical and mental well-being, both now and for our future generations, increasing opportunities to safely walk and cycle is imperative. An additional £20m capital funding has been provided in 2019-20 and £30m in 2020-21 for active travel.
89. Walking and cycling offer a free and low cost transport option for everyday journeys, which can reduce transport costs for many people and is particularly important to people living in poverty.
90. The Welsh Government's report on Walking and cycling in Wales: Active travel, 2016-17¹² shows that only 78% of primary school children and 86% of secondary school children who lived less than a kilometre from their school sometimes walked to school, with less than 1% cycling.
91. Encouraging parents and children to walk and cycle to school is a key part of changing our travel culture. We are funding the successful **Active Journeys** programme, run by Sustrans, which is working in schools across Wales to get more children and parents to walk, cycle and scoot to school. This is complemented by the annual £5m funding for improvements to routes to schools, as well as pedestrian and cycle training for school children.
92. **Air quality** has improved since the 1970s but some concerns remain. Air pollution plays a role in many of the major health challenges of our day, and has been linked to increased morbidity and mortality from respiratory diseases including asthma and chronic obstructive pulmonary disease, stroke and heart disease lung cancer and other effects. Poor air quality can affect the health of plants and animals as well as humans.
93. We are investing £9.29m between 2019 and 2021 to support air quality, targeted at those areas where emission levels are being exceeded often adjacent to busy roads. Nitrogen dioxide levels where people live in Wales are well below the annual mean limit set to protect human health. However there are around 40 specific areas in Wales which local authorities have designated as **Air Quality Management Areas** as measurements in these areas have exceeded the air quality objective.

¹² <https://gov.wales/docs/statistics/2018/180130-active-travel-walking-cycling-2016-17-en.pdf>

Ambitious and Learning

Support young people to make the most of their potential

94. Someone's ability to benefit from education should not be determined by their personal circumstances and the Welsh Government is committed to removing barriers to learning and ensuring equity and excellence for all children and young people.
95. Attainment in primary and secondary school has risen in recent years, although in international assessments Wales continues to lag behind the rest of the UK. However, socio-economic disadvantage remains a key inequality for educational attainment. While achievement is consistently improving across all groups of pupils, those who are eligible for free school meals have poorer outcomes at every key stage. The gap increases as pupils get older.
96. ***Education in Wales: Our national mission***¹³ sets out how we deliver curriculum reform to continue to raise standards across the system and reduce a stubborn attainment gap. The £10m funding to support reform and £15m to support schools will underpin this through developing a high-quality education profession; inspirational leaders working collaboratively to raise standards; strong and inclusive schools committed to excellence, equity and well-being; and robust assessment, evaluation and accountability arrangements supporting a self-improving system.
97. Core skills of literacy and numeracy underpin all learning and raising of standards and we are maintaining our investment in these areas with £6.6m of funding. Two of the six areas of learning in the new curriculum are focused on literacy and communication and mathematics and numeracy.
98. We are also investing £25.5m in 2019-20 as part of our commitment of £100m for school standards, which runs alongside the restoration of funding to the **Education Improvement Grant** that we have been able to provide.
99. The £1m support for the **National Academy for Educational Leadership** supports the ambition of preparing all leaders in the Welsh education system with the right skills and knowledge to benefit pupils, and deliver the new curriculum. We are providing £1.2m to fund the greater use of **School Business Managers** as they provide dedicated support for school leaders and teachers, so they can better focus on raising standards in our schools.
100. Investment in schools and education has a disproportionately positive impact on young people overall and is important under UNCRC Article 28 (that children have a right to an education). With the overall focus on improvement in standards the intention is to raise attainment for all, however with the specific focus of £93.7m funding through the **Pupil Deprivation Grant** and £8.7m for support for **Ethnic, Gypsy, Roma and Traveller learners**, there will be a more positive impact on some ethnic groups which have historically had lower attainment or are more likely to be in an area of socio-economic deprivation.

¹³ <https://beta.gov.wales/sites/default/files/publications/2018-03/education-in-wales-our-national-mission.pdf>

101. Our investment in **small and rural schools** of £2.5m in 2019-20 will continue the work done to date to encourage innovation (for example the use of new digital technologies to combat the issue of professional isolation by harnessing the power of IT). It will also support greater school to school working including collaboration and federation to raise standards, provide administrative support in schools where the headteacher has a significant timetabled teaching commitment, and increase the community use of school buildings. The first ever ***Rural Education Action Plan for Wales*** was published this month.
102. International research and evidence tells us there is a positive connection between **smaller class sizes and attainment**, particularly for pupils from poorer backgrounds. This is most significant for younger children, which is why we are investing £5m revenue and £5m capital. We recognise that reducing class sizes is not the only driver for school improvement in our schools, which is why this policy is being delivered in the context of our wider reforms.
103. The **Pupil Development Grant (PDG) Access** scheme will have a positive effect on a special group within the Younger People protected characteristic group (FSM pupils in reception or year seven) due to additional funding, wider claiming criteria, and the addition of funding for FSM for reception pupils compared to the previous school uniform grant. Additionally, there will be a positive effect on parents of children who are FSM in reception or year seven, who may be within the people 18-50 or older people (50+) groups. It meets the UNCRC through Article 26 (the Government should provide extra money for the children of families in need) and Article 29 (education should develop each child's personality and talents to the full).
104. As part of our support package to change the expectations, experiences and outcomes of children and young people with additional learning needs we are investing £5.7m in 2019-20. This will have a positive impact on the protected characteristic of disability and ensure that all learners with **additional learning needs** are supported to overcome barriers to learning and achieve their full potential, placing learners' needs, views, wishes and feelings at the heart of the process.
105. Our **21st century schools and education programme** is a long term strategic investment in our educational estate throughout Wales. It is a collaboration between Welsh Government, the Welsh Local Government Association (WLGA), local authorities, colleges and dioceses. Between 2019 and 2021 we will invest £386m capital to support education facilities to provide the right physical environment for our learners to achieve.
106. We are continuing to invest £18.8m in **Careers Wales** which bridges the gap between school, further study and the world of work, providing support for people across all ages to develop skills and raise aspirations. An important focus is to promote a greater parity of esteem between academic and conventional pathways, particularly ensuring young people and their parents are aware of apprenticeships pathways; to support well considered decisions regarding learning options and to continue to increase participation and attainment in education and training.

Build ambition and encourage learning for life

107. **Further education** supports a long-term view of Wales' economic needs through the provision of skills development. It provides opportunities for people throughout their life to fulfil their ambitions by improving their skills, making them more employable and able to contribute to a more prosperous economy. Post 16 education makes a significant contribution to tackling socio-economic disadvantage by increasing the skill levels of the Welsh workforce. Post-16 education and training is also important in meeting the challenge of reducing the number of young people not in employment, education or training.
108. Retaining the level of funding within the **Community Learning Grant** maintains provision of adult learning which is aimed at addressing the needs of the hardest to reach members of our society; and older learners. In addition, increasing the funding for **Additional Learning Support** provides additional services for learners with additional needs to support them into learning. The continued funding for the **English for Speakers of Other Languages (ESOL) Creative Solutions** pilot in Cardiff and extension of this pilot to other parts of Wales will help to ensure a more effective ESOL service for learners from Black and Asian Minority Ethnic groups (including refugees and asylum seekers, and migrants).
109. The independent review of **higher education (HE)** funding and student finance arrangements by Professor Sir Ian Diamond engaged widely with stakeholders and received a considerable amount of evidence on a range of issues relating to the impact of student support and higher education funding. **Higher education** can transform lives and reduce inequality through being a significant driver of social mobility.
110. Entry to higher education should be based on the principle of ability alone, not on the ability to afford it. The educational qualifications achieved before university are the single biggest factor for whether someone goes onto higher education. However, young people from disadvantaged areas are less likely to go onto higher education even when they have the same qualifications as someone from a less disadvantaged area. As a result of the recommendations of the Diamond review Higher Education Funding Council for Wales (HEFCW) has been remitted to work with officials to develop a programme of action for HE on widening access by the end of January 2019.
111. Our new package of **support grants and loans** have been widened to support postgraduate students and part time students. Disabled students' allowances are available for higher education with a disability, long-term health condition, mental health condition or specific learning difficulty, to help meet the extra costs as a direct result of a disability.
112. Student support loans are not universal; students aged 60 and over on the first day of HE courses are unable to apply for a loan. An age limit is discriminatory under the Equality Act 2010 unless it can be justified as being a proportionate means of achieving a legitimate aim. It was determined that students aged 60 years and over entering into loan agreements for the purpose of student finance, will realistically not be able to repay the loan. We will keep the age cap under review.

- 113. We recognise that health-care students are the future of our NHS and we are continuing to support them during their studies in return for a commitment to work in Wales through the **NHS Bursary scheme** which is available to eligible student nurses, midwives and allied health professionals.
- 114. Of the 2180 students applying for the bursary in 2017-18, only 3% declined to work in Wales post-qualification, meaning the vast majority of students trained in Wales will work in Wales after their studies.
- 115. As well as a commitment to extending the bursary, we are investing record levels in our **NHS workforce**, with £350m to support education and training. Since 2014, the number of nurse training places commissioned has increased by 68%. We are also taking positive action to attract more health professionals from the UK and beyond to come to Wales, to train, work and live.

Equip everyone with the right skills for a changing world

- 116. Overall levels of qualifications held by working age adults in Wales have been rising. Recent data suggest 78% of working age adults aged 18 or above have level 2 (five GCSE A*-C or equivalent) qualifications, 58% have level 3 (two A levels or equivalent) and 37% have at least higher education or equivalent qualifications.
- 117. We recognise the broader role that **skills and lifelong learning** play in economic development and work based learning contributes significantly. We have maintained funding levels facilitated by optimising available European funding. The range of work based learning opportunities means that people with all levels of academic attainment and a range of ambitions can gain the skills that they need to enter the world of work. Work based learning provides the progression that people need to reach their potential. As an all age programme it enables up-skilling and re-training.
- 118. We are driving closer working between industry, schools, work based learning providers and colleges to deliver the current and future skills needed to support the economy of Wales.
- 119. **Working Wales**, funded with £24m, will be our new employability programme which will contribute to our goal of eliminating the gap in unemployment and economic inactivity rates between Wales and the UK average within 10 years. This programme will reduce the number of people who are not in employment, education or training, and will support unemployed, economically inactive and those at risk of redundancy, into work.
- 120. The programme is part of our **Employability Plan** which sets out how we intend to raise the skills levels to meet the needs of the economy, including the part that employers play in up-skilling their workforce to keep pace with changing technology and ways of working.
- 121. The need to provide the opportunities for people to develop their skills for the 21st century starts from the very earliest age. Providing each child with the opportunity to access **high speed broadband** ensures that no child is disadvantaged compared to another and can increase educational and future employment opportunities.

However there is a need for parents to have the skills to protect their children online.

122. Our plans include revenue funding of £1.25m to support **digital inclusion**. Developing the digital skills of communities can lead to greater economic opportunities, a more equal society and improved social cohesion. Equipping digitally excluded people with the basic digital skills to engage with technology enables them access to all the benefits of being online. It can also help support people to live independently through enabling supportive technologies and help reduce isolation of older people and people with a disability.
123. The *Digital Inclusion Services in Wales Report*, produced by the Wales Co-op, identified that industry reliance on digital services meant that many older people are missing out on savings of up to £560 per year. The report refers to a survey conducted by the Society of Chief Librarians throughout Wales in 2016 which demonstrated the levels of engagement in digital inclusion that libraries and library staff have in their everyday work. Customers who are seeking out library IT facilities do so because they need access to computers, access to printers, scanners or broadband. The survey also demonstrated that the biggest activity online in libraries is accessing emails (46%). It identified that there is a critical need for everyone to have access to an email address so that they can register for Universal Credit, look for jobs, communicate with the Department for Work and Pensions (DWP) and increasingly receive notifications from GP's and health agencies. This supports the view that the majority of public services are now being provided online and not having access to them can be a barrier for individuals.
124. We have restored funding for the **National Science Academy** to 2018-19 levels. It has developed and managed a Science, Technology, Engineering and Mathematics (STEM) enrichment portfolio of outreach projects across Wales. Women are outperforming men in education overall and are more likely to get a good degree yet, still, more of them work in jobs requiring skills below their educational level. They are significantly under-represented in the STEM workforce. Therefore the investment will have a positive impact on the under representation of women.
125. The investment of funding into research infrastructure and research teams aims to boost the economy and raise Wales' GVA. Recognising the significant impact an additional £0.5m has been prioritised to support the **Chief Scientific Adviser** to engage with the global science community, collaborate with businesses and universities for their mutual benefit and to expand the Welsh economy. This will be beneficial to all the people of Wales and will, in turn, bring ancillary benefits which help alleviate poverty with better opportunities for well paid employment.
126. Wales has four universities ranked in the top 500 in the QS World University Rankings. According to the Research and Excellence Framework's (REF) latest assessment more than three-quarters of all research submitted to REF panels was assessed as being world-leading or internationally excellent. This is supported by programmes such as **Sêr Cymru**.

United and Connected

Build resilient communities, culture and language

127. Many of the indicators for cohesive communities in the *Well-being of Wales Report 2017-18* have only been recently collected and therefore there is little trend data to assess impact of policies. The headline measure used is whether people feel they belong to the local area; people in the area from different backgrounds get on well together; and people in the area treat each other with respect.
128. **Loneliness** is an important aspect of community cohesion but it is also strongly linked to mental health issues. Based on the questions in the National Survey, 16% of people in Wales were found to be lonely in 2017-18. People of working age (16 to 64) are more likely to be lonely than those aged 65 or over. People in material deprivation were more likely to feel lonely (37% of those in material deprivation, compared with 12% of people who are not in material deprivation).
129. Our social prescribing pilot is one way we are considering how people can be treated with non-clinical services looking at the full range of factors which may be affecting their well-being.
130. According to the 2017-18 National Survey 77% of people were satisfied that they were able to get to or access the services they need. People were least satisfied with their ability to access municipal services such as community centres, secondary schools, libraries and youth or sports clubs.
131. Our £72m investment in **integrated health and care centres**, £2m investment to extend the **Welsh Community Care Information System**, £15m in **community learning centres within schools** are among some of our investments targeted at bringing services closer to people's homes, within their communities.
132. **Good quality housing** is important for people's well-being in many different ways, from having a warm, fuel efficient home, to security and stability, space to have independence and feel part of a community. Through our commitment to provide 20,000 affordable homes we have a range of housing schemes aimed to support different groups of people.
133. In 2017-18, 16% of adults were classed as living in material deprivation (that is, not being able to afford basic things like keeping the house warm), with a higher proportion of females (18%) than males (14%) suffering from this. Children living in social housing were more likely to be in material deprivation than those in private rented accommodation or owner occupied homes.
134. We are helping people onto the housing ladder to own or part own their own home through schemes such as **Help to Buy** and **Rent to Own** with an investment of £63.1m in 2019-20.
135. To ensure that **people live in decent homes**, all social housing properties must meet the Welsh Housing Quality Standard by December 2020. We are supporting this with £108m capital funding in 2019-20. Additionally to minimise fuel poverty we

are investing in improving the **energy efficiency of our homes** through the NEST scheme. Good energy performance in housing will not only reduce energy demand in the domestic sector but also help homeowners and tenants manage the costs of maintaining a warm home. These investments have a positive impact for people with a number of protected characteristics, especially the young and the elderly as those most susceptible to poor health because of a poor environment.

136. During 2017-18, for every 10,000 households in Wales, 45 households approached their local authority for help with housing and were successfully **prevented from becoming homeless** for at least 6 months. In the last year there was a small decrease in the rate of households considered to be threatened with homelessness. Female applicants approaching a local authority for support with their housing are more likely to be successfully prevented from becoming homeless than males as many are prioritised due to dependent children or pregnancy. We are establishing a single **Housing Support Grant** of £126.7m – encompassing Supporting People, Homelessness Prevention and Rent Smart Wales Enforcement to continue to address homelessness.
137. The latest data shows that 780 16-17 year olds and 6,804 18-24 year olds approached local authorities for support in relation to possible homelessness. We are investing an extra £10m to address youth homelessness for 2019-20.
138. We are also strengthening the connection people have with their local community through investment in the **Communities Facilities Programme** with an investment of £5m in 2019-20.
139. The capital budget has increased by £8.5m for 2019-21 for **Cadw** to support the sustainable development for future generations to enjoy access to heritage sites. Heritage supports nearly 40,700 jobs, many of which are within rural areas, which are typically Welsh-speaking communities.
140. Cadw supports a growing number and types of volunteering opportunities at sites across Wales – providing young and old, experienced and inexperienced a chance to support their local heritage, meet new people, learn new skills and build confidence.
141. The Welsh language is a significant component of the historical culture and identity of Wales. New questions in the latest National Survey for Wales showed that 86% of adults aged 16 and over agreed with the statement that the **Welsh language** is something to be proud of. The most recent annual population survey showed encouraging results with an increase in the number of Welsh speakers reported.
142. We continue to invest in the Welsh Language to support our long term aim of one million speakers by 2050, through revenue funding £29m for Welsh in education and £5.9m for the Welsh language. This is also supported by £30m capital funding within the 21st century schools and education programme.
143. The *Economic Action Plan* recognises that the economy is integral to creating the social conditions where Welsh speakers can stay in Welsh-speaking communities,

or return to those communities. The regional approach will empower thriving local economies to support our target of one million Welsh speakers by 2050.

Deliver modern and connected infrastructure

144. The investment in infrastructure, particularly **integrated transport and next generation access broadband**, are essential to supporting people to access places, services and employment opportunities. We know that for the low paid and young adults in particular, the lack of access to reliable and affordable public transport connections can be a barrier to employment or study.
145. Transport infrastructure is critical to providing the services needed for access to employment, making business to business contact easier and supporting productivity and growth in our communities. Improving services and journey times will result in better connections between communities which will impact positively on people with protected characteristics (for example, the integration of modes at key hubs has a key role in connecting communities and reducing social isolation).
146. Evidence is widely accepted that some groups with protected characteristics are more likely to rely on public transport and active travel to access jobs and services because of age, poverty, health or disability. Improvements in the access to, availability, safety and cost of public transport should play a key role in the long-term in reducing disadvantage to protected groups.
147. The next Wales and Borders Rail Service Contract which commenced on 14 October includes a £1.9bn investment programme to create a network that is accessible to all at the heart of communities seven days a week; increases social mobility and widens access, connecting people with jobs, education, health and leisure; making Wales more attractive to business and tourism; and making travelling by rail enjoyable with state of the art trains utilising next generation digital connectivity.
148. The National Travel Survey data shows that minority ethnic adults are more likely to live in a household without access to a car compared to a white British adult, so a greater reliance on public transport may exist in parts of Wales (South East and North East) where the majority of train and bus services are provided. About 60% of the passenger activity on the Wales and Borders rail services area is focused on the Valleys Lines and Cardiff area.
149. In 2019-20, the new Rail Services Contract is supported with an additional revenue allocation of £32.6m. Additionally, we are making a total investment of £44.9m in the Taff's Well Depot which will maintain a new modern rolling stock fleet, which will operate on the central metro. Our new service will lead to a 25% reduction in carbon emissions across the Wales and Borders network; a carbon-free CVL network and stations powered with 100% renewable energy.
150. In support of UNCRC, Article 27 (children have a right to standard of living that is good enough to meet their physical and mental needs), under the commitments for the new rail services contract, the budget provision will enable children under 11 to travel free and half fare eligibility for 16 to 18 year olds to be extended. This means

more affordable transport for families, children and young people leading to better access to education and public services during the critical early years period.

151. It is important to scope the potential negative impacts of rail infrastructure development and service enhancements on protected groups in the short-term, and contractors will need to consider how these can be mitigated or managed effectively throughout construction and early operational stages.
152. During construction, accessibility to stations that are undergoing upgrades may be restricted, meaning some groups may be unable to access some stations and services. This is likely to have a negative impact for a limited period of time on parents with young children, older people with mobility problems and disabled people.
153. There may also be impacts related to the environment, in particular air quality and noise levels. Children, those with learning disabilities and older and disabled people may be negatively impacted by noise levels from construction works in close proximity to community facilities. During the operational stage it is likely that noise impacts will be reduced due to electrification of the core Valleys lines and the introduction of new rolling stock across the rail network will be quieter than the current trains.
154. Recognising the importance of bus transport our plans include £32.2m for bus support. The provision of funding to support Wales' bus network provides access to key services and facilities for those without access to private transport; helps reduce traffic congestion, tackles climate change and improve air quality; enables the Welsh Government and local authorities, subject to legislation, to target specific groups displaying protected characteristics enabling them to travel more cheaply than the broader population of bus passengers.
155. Funding provides bus and community transport services, especially in remote or rural communities, that would not otherwise be available – allowing more people to live in affordable homes and providing access to education, training and employment for people living in these communities. Our plans include an annual provision of £60m. It also helps many of our society's most vulnerable people to access key health services and facilities conveniently and, for Wales's 750,000 holders of free concessionary travel passes, for free.
156. Investment supports targeted **discounted bus travel** for 16 to 18 year olds so that they can access education, training, employment and also for social purposes. An additional £1m in 2019-20 has been reprioritised to enhance the scheme.
157. Improving **air quality** by reducing carbon, nitrogen dioxide and particulate emissions is one of the key objectives for bus services in Wales. A recent study confirmed that a range of measures need to be introduced to encourage more people, and especially commuters, to transfer their travel from cars to buses (such as attractive fares, improved punctuality, less congestion, greater frequency, high quality standards and more bus priority). Cleaner buses must also have access, where necessary, to bus priority measures so that passengers are not simply held in congestion on buses rather than in their cars. We are investing £78m capital over

2018-2021 to support the **Local Transport Fund** which has a focus on pinch points and congestion, including on bus corridors, with one aim to improve journey times.

158. Our ongoing investment in **Cardiff Airport** aims to maximise the opportunity for the benefit of Wales' economy and businesses and improve connectivity to Wales. However we are also aware of the important role we have to play in managing the environmental impact of the airport operation.
159. Reducing the requirement for travel, the roll out of high speed broadband supports individuals who want to work from home and high speed broadband technology enables connections between businesses and organisations using such facilities as 'skype'.
160. We recognise that access to broadband will have a positive impact on people with a disability given that some unemployed disabled people would find it easier to find and retain suitable work if this were based at their own homes (levels of unemployment for disabled people have historically been persistently significantly higher than those for the workforce as a whole) – and again, that the prevalence of this will increase as levels of home connectivity improve over time. It is estimated that the net annual GVA impacts attributable to intervention from improved participation of carers and disabled people reaches about £14m by 2024. This equates to about 460 additional carers and about 200 additional disabled people gaining employment through telework, who would not have been able to do so in the absence of the intervention to provide faster broadband in under-served areas of Wales.
161. The ICT sector has experienced difficulty in attracting female recruits. However, having access to broadband can help people to work from home which would, for example, have a positive impact on women who may have caring responsibilities and not be able to attend a place of work.
162. In the *UK Broadband Impact Study for the Department of Culture Media and Sport* it was estimated that faster broadband will account for about 1.6m tonnes of carbon dioxide equivalent (CO2e) savings per annum by 2024 across the UK. Whilst equivalent research has not been undertaken in Wales there is no reason to believe that impacts will not be as significant.

Promote and protect Wales' place in the world

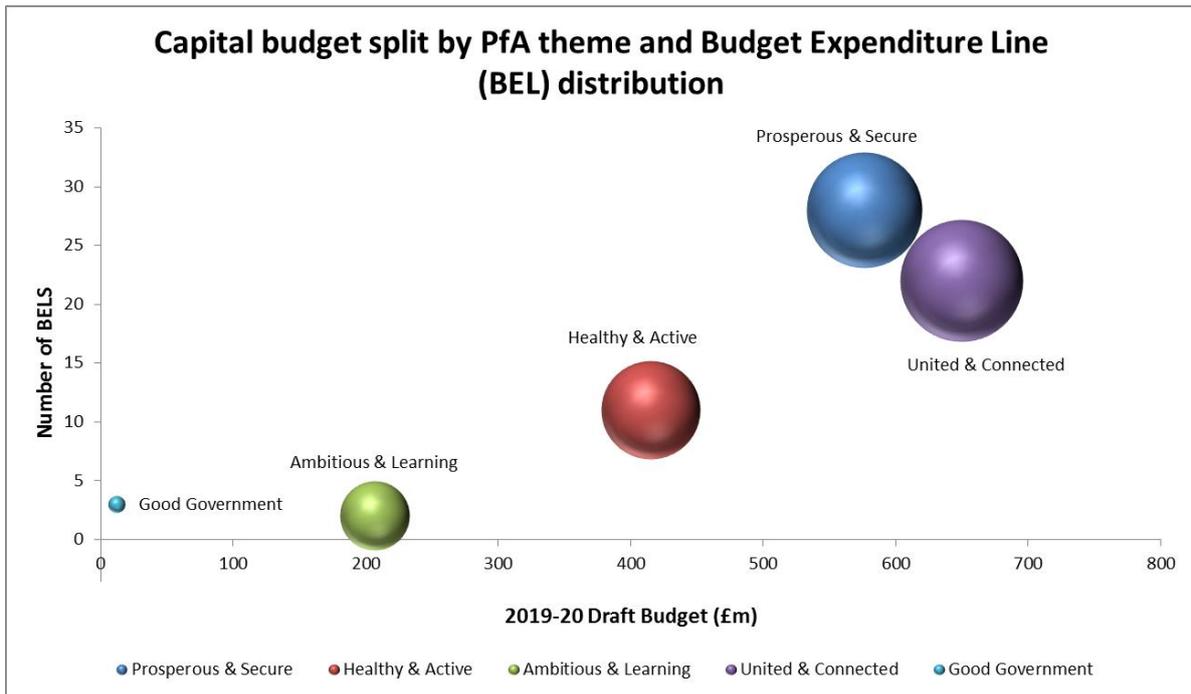
163. Celebrating Wales' unique culture, language and sense of place are at the heart of the **Wales brand** approach. We will increasingly bring the Welsh language to the fore as a key selling point for Wales – especially in tourism in key international markets. We are investing in the expansion of our overseas offices to help access new markets and expand opportunities for Welsh businesses.
164. An additional £2m has been provided to maintain **tourism and marketing** spend to build on the unified brand for Wales as a place in which to invest, work, live, visit and study. This includes enhancing the profile, reputation and influence of Wales and developing and maintaining relationships around the world to help promote Wales and support business growth. Our spend on tourism, via Visit Wales, and marketing is £13.8m.

165. The **food and drink industry** in Wales has a high reputation, based on a number of factors, including human health protection, effective animal disease control, environmental standards, the use of protected food names and high standards of animal health and welfare. We are investing £5.2m to support the development and growth of food production and the food and drink industry. The impact of Brexit will be strongly felt in this industry in Wales and through our EU Transition Fund we are supporting a number of projects to gain more research and evidence for the sector and to help prepare businesses.
166. Our marketing approach will seek to appeal to a wide range of diverse audiences, engaging with them digitally to experience Wales in new ways. Our marketing will meet accessibility standards and through digital we will bring activities and events of appeal to specific market groups to the fore as a central element of brand Wales - such as Pride Cardiff.
167. Wales' natural landscape, coastlines and seas are important national assets supporting a bio-diverse environment, agriculture and fishing and the tourism industry. The Welsh natural landscape is an important part of the country's culture and heritage as well as being important for the tourism industry, which can in turn support economic growth. Wales' national parks and areas of outstanding natural beauty are important national assets which cover 25% of Wales. We are using capital funding such as the £7m investment between 2019-21 in the **Valleys Regional Park** to enhance these assets driving economic growth and improving health and well-being.

Cross cutting priorities

168. We set out in the outline draft Budget the impact of our additional revenue investments in 2019-20 and capital investments in 2019-20 and 2020-21 on our cross-cutting priorities of early years, housing, social care, skills and employability, better mental health and decarbonisation.

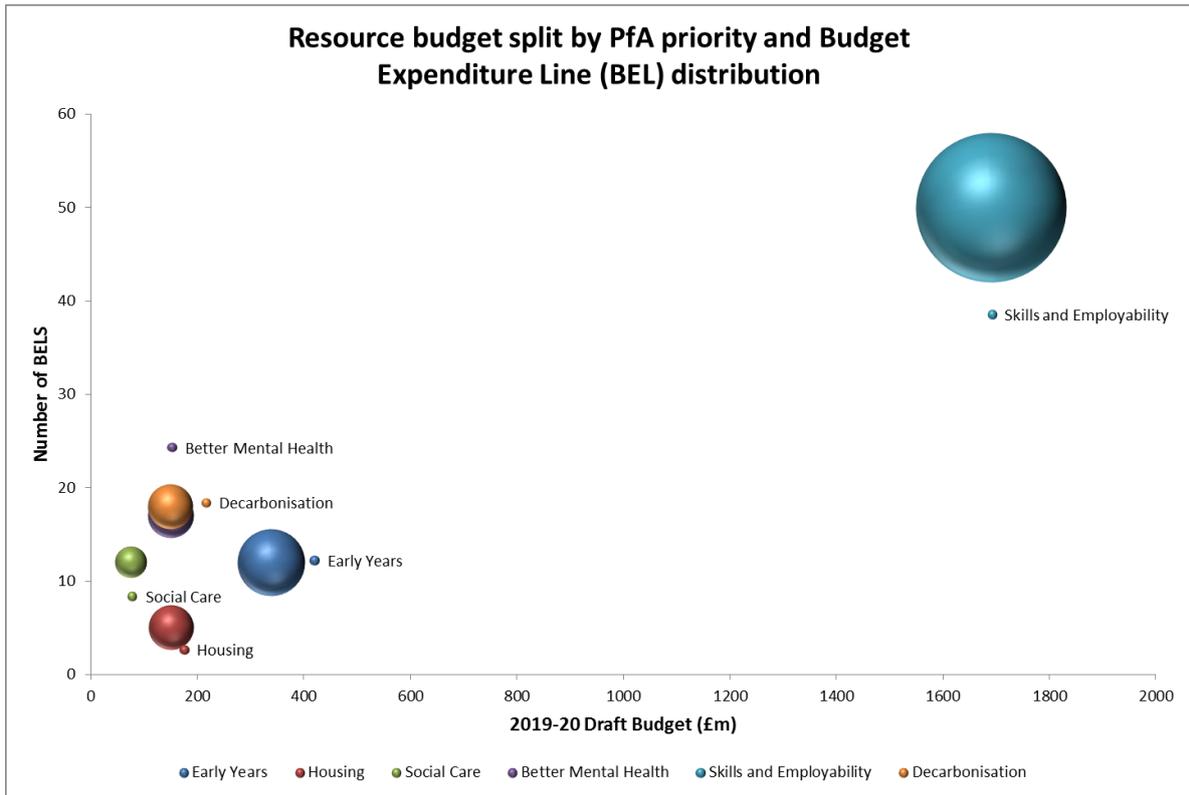
Capital



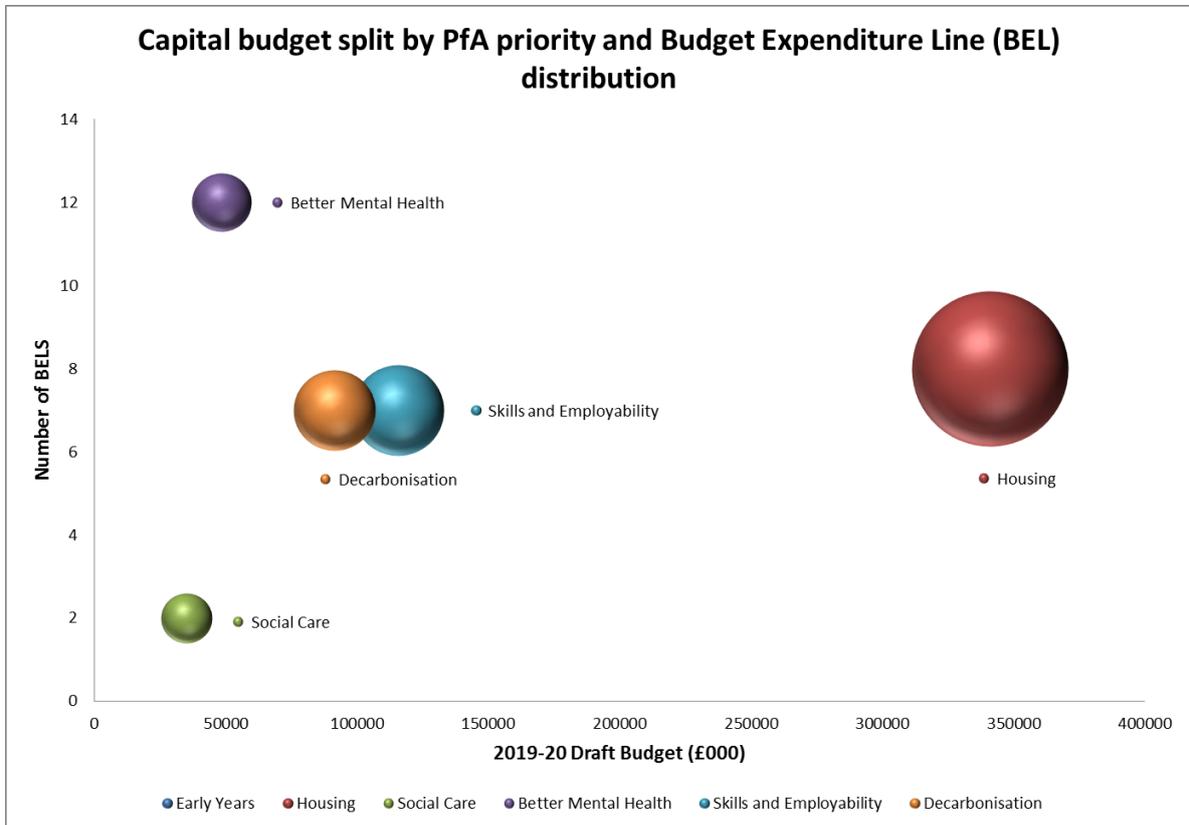
Priority Areas

4. We have also reviewed spend to give an analysis against our six priority areas – early years, housing, social care, better mental health, skills and employability and decarbonisation.
5. We have done this by assigning spend to the priority area which it makes the greatest contribution towards, which can be subjective. Not all Welsh Government funding is targeted at these priority areas. Some funding contributes towards several areas or decisions on spend are taken outside Welsh Government and it is difficult to apportion the budget in these cases. However, the analysis below gives a broad impression of how funding is aligned.

Resource



Capital



Annex F: Glossary of financial terms

Action	<i>Within each Spending Programme Area (SPA), budgets are allocated to a number of sub-programmes known as Actions.</i>
Ambits	<i>Descriptions of the specific purposes for which the Welsh Ministers are authorised by the National Assembly for Wales to spend resources. Ambit descriptions and resource limits are contained within the annual Budget motion. Ambits correspond to MEGs.</i>
Annually Managed Expenditure (AME)	<i>Expenditure which cannot reasonably be subject to firm, multi-year limits in the same way as DEL and is therefore reviewed twice a year as part of the HM Treasury's Budget and pre-Budget report processes. AME typically consists of programmes which are large, volatile or demand-led; for example the issue of student loans.</i>
Budget Expenditure Line (BEL)	<i>Within each Action budgets are allocated to a number of sub-expenditure groups known as BELs. Tables showing budgets at BEL level are available at: http://gov.wales/funding/budget/?lang=en</i>
Budget Motion	<i>The means by which the National Assembly for Wales authorises the Welsh Ministers to spend resources up to a specific level for specified purposes and to draw cash up to a specific limit from the Welsh Consolidated Fund.</i>
Capital	<i>Expenditure that in the main results in a physical asset, for example a new building. A proportion of the Capital DEL includes financial transactions capital.</i>
Departmental Expenditure Limit (DEL)	<i>The multi-year budget limit for the Welsh Government set by the HM Treasury. DEL is planned and controlled on a multi-year basis in Spending Reviews. The Welsh Government DEL and AME budgets have separate capital and resource limits.</i>
Depreciation	<i>The drop in value of an asset due to wear and tear, age and obsolescence. Under resource budgeting, depreciation is part of the Welsh Government's DEL but is a non-fiscal resource DEL item.</i>
Direct Charges on the Welsh Consolidated Fund	<i>Expenditure which is legally required to be charged directly to the Welsh Consolidated Fund and therefore does not score against the budgets of the Welsh Government or any other body. Direct charges include the remuneration of the Presiding Officer and Auditor General.</i>
Financial Transactions Capital	<i>Financial transactions capital is part of the capital DEL settlement that can only be used for loans and equity investments to third parties. In the main, the funding must be repaid to HM Treasury.</i>

Fiscal Resource DEL <i>(previously known as near-cash)</i>	<i>The Fiscal Resource DEL budget scores most of the department's current expenditure. Expenditure is recorded on an accruals basis. It includes expenditure on pay, current procurement, resource grants and subsidies.</i>
Main Expenditure Group (MEG)	<i>The Welsh Government DEL is divided into a number of Main Expenditure Groups. There are currently six MEGs: Health and Social Services; Local Government and Public Services; Economy and Transport; Education; Energy, Planning and Rural Affairs and Central Services and Administration.</i>
Non-Fiscal Resource DEL <i>(previously known as non-cash)</i>	<i>The Non-Fiscal Resource DEL budget scores the department's current expenditure in respect of impairment of student loans and depreciation. Non-Fiscal Resource DEL is ring-fenced and cannot be used to fund fiscal resource DEL spending.</i>
Receipts	<i>Some areas of Welsh Government activity generate income, for example, through the sale or rental of assets. These are represented in the Budget as negative figures.</i>
Resource budgeting	<i>The Welsh Government's Budget is set on a resource basis derived from accruals information. Accruals information measures resources as they are consumed rather than when the cash is paid. So, for example, resource budgeting includes a charge for depreciation, a measure of the consumption or wearing out of capital assets.</i>
Resource <i>(previously known as revenue)</i>	<i>Current expenditure, for example funding for the pay of public sector workers and to purchase consumable goods and services.</i>
Spending Review	<i>Every two or three years HM Treasury reviews expenditure for each UK Government Department and sets budgets for the forthcoming years. Budgets for the devolved administrations are derived from these budgets via the Barnett formula, which is the mechanism used by HM Treasury to calculate public expenditure allocated to Wales to reflect changes in spending levels allocated to public services in England.</i>
Total Managed Expenditure (TME)	<i>This is an HM Treasury control total which is made up of the total Departmental Expenditure Limit plus Annually Managed Expenditure.</i>

<p>Wales Reserve</p>	<p><i>The Wales Reserve will operate from April 2018 as a new tool to enable the Welsh Government to manage its budget across years. The Welsh Government will be able to save surplus revenues from the devolved taxes and underspends on the Departmental Expenditure Limit in the Reserve for use in future years. The Reserve will be able to hold up to £350m, with an annual drawdown limit of £125m for resource and £50m for capital. There will be no annual limit for payments in to the Reserve.</i></p>
<p>Welsh Consolidated Fund</p>	<p><i>The account into which the money voted by the UK Parliament for use by the Welsh Government, the Assembly Commission, the Auditor General, and the Public Services Ombudsman for Wales is paid.</i></p>
<p>WGSB</p>	<p><i>Welsh Government Sponsored Body. Examples include the Higher Education Funding Council for Wales and the Arts Council of Wales.</i></p>