

**Minister for Finance & Trefnydd Meeting with Third Sector Representatives
13 February 2020**

Present:

Rebecca Evans AM

Minister for Finance & Trefnydd

Third Sector:

Ruth Marks

WCVA

Anna Nicholl

WCVA

David Cook

WCVA

Simon James

CVC Cymru

Gethin Rhys

Interfaith Council for Wales

Helene Hayes

Citizen's Advice Cymru

Jess McQuade

WWF

Cathy Groves

Children in Wales

Ben Lloyd

WCVA

Patience Bentu

RCC

Welsh Government Officials:

Matt Wellington

Strategic Budgeting

Chris Stevens

Welsh Treasury

Chris Buchan

Third Sector Unit

Tom Brown

Welsh European Funding Office

Paul McDonagh

Permanent Secretary's Group

Sandra Stephenson

Permanent Secretary's Group

Liz Matthews

Senior Private Secretary to the Minister

Agenda item 1 – Welcome and Introductions

1. The Minister thanked everyone for attending and invited delegates to introduce themselves.
2. Apologies were received from Ann Meikle WWF, Sheila Hendrickson Brown CVC Cymru, Kate Evans WSA, Sandra Clubb Volunteering Wales Network, Iwan Thomas PLANED, Paul Glaze CWVYS, Andrea Cleaver WRC and Bernie Bowen Thompson Safer Wales.

Agenda item 2 – Budget

3. The Minister confirmed the draft budget had been debated in Plenary and a final budget debate was scheduled for 3rd March. This year was the first time the Budget Improvement Plan had been published and sets out a 5 year vision for the Welsh Government in delivering a more equal, prosperous and greener Wales.
4. The Minister highlighted some of the improvements in the 2020-21 Budget which included how the Budget was impact assessed. Welsh Government officials had engaged with the Equality and Human Rights Commission on the development of

a distributional impact assessment approach, to understand the impact of public spending decisions on households in different parts of the income distribution.

5. The Minister revealed that as part of her budget transparency process she had published, for the first time, over 300 pages of evidence, on the Welsh Government web pages, that Welsh Ministers have given to their own subject committees. The evidence included areas such as how Welsh Government was taking forward prevention and tackling of climate change.
6. The Minister confirmed that work had also commenced with Chwarae Teg and the Wales Centre for Public Policy as they considered phase 2 of the Gender Equality Review. As a result, Welsh Government was taking forward a gender budgeting approach as part of the two year Personal Learning Accounts pilot. The Pilot is intended to assess how a gender budget approach could be used to help identify and understand potential different impacts, including unintended impacts, to improve how it prioritised and allocated resources.
7. The Minister was keen to ensure that the Third Sector was involved in the review of the Budget Advisory Group for Equality (BAGE). Officials had been looking at various UK wide models, including the Scottish model, on involving external organisations in the budget delivery process.
8. Third Sector colleagues welcomed the Minister's update and her desire to involve them in the delivery of the Budget Plan. They emphasised the need for representation and involvement from across a diverse group of communities.
9. Colleagues from the Third Sector felt the impact assessment was not comprehensive. They were keen to be involved in any future impact assessment processes, in particular assessing the unintended consequences of budget decisions. The Minister welcomed their interest in being involved and requested they contact EHRC and Welsh Government officials (**Action: Third Sector – Jess McQuade and Gethin Rhys**).

Cross cutting themes in the budget

10. The Minister highlighted some of the work she was undertaking to tackle poverty better through the Welsh Government's budget. Poverty was one of the eight cross-cutting priority areas in this year's budget. Some of the initiatives the Welsh Government was delivering included the extension of the Pupil Development Grant Access and Early Years Pupil Development Grant, ongoing funding to tackle period poverty as well as extending provision for the School Holiday Enrichment Programme.
11. The Third Sector was keen to learn more about how the Minister was delivering on the climate and nature through the budget.
12. The Minister confirmed that the draft budget for 2020-21, since the Government's declaration of a climate emergency, had allocated a new package of more than

£140m of the Government's capital funding to support decarbonisation and the environment.

13. WWF were happy to see that nature was at the fore in the decarbonisation narrative and they suggested 2.5% of the total budget for Wales was for decarbonisation, and was a good starting point, they were keen to see a further commitment of 0.5% annual increase to reach the 5% goal, in the years to follow.
14. WWF would also like the Welsh Government to form an intention of a long term plan to be put in place.
15. WWF would like to see nature based solutions integrated with other organisations such as health and social services where using woodlands could improve mental health and confirmed they had undertaken some work with Green Alliance and would be pleased to share what they had done thus far. The Minister was happy that WWF made the distinction between nature and biodiversity, as this was an important distinction to uphold. The Minister requested WWF share their Green Alliance work and suggested a meeting was arranged between the Third Sector and Welsh Government officials to discuss the carbon impact assessments.
(Action: Welsh Government to action – Jess McQuade to represent Third Sector)

Short-term funding streams

16. The Third Sector presented a paper on the impact of short-term funding on the voluntary sector in Wales. WCVA were keen to see the Welsh Government move away from short term funding streams as they were able to evidence unintended consequences. They highlighted the difficulties many voluntary organisations faced including their inability to plan more effectively for the longer term, including their ability to recruit and retain staff. Other difficulties short term funding caused included organisations having to deliver and evidence the spend of a short term fund usually before the end of the financial year (in Jan in some cases). It was also difficult to assess the impact of these short term funds on the third sector organisations and on communities. WCVA agreed to circulate a paper on the impact of short term funding to the group. **(ACTION: Third Sector – WCVA)**
17. The Minister recognised and was sympathetic to the calls for a longer term funding structure for the Third Sector. However, this was difficult as the UK Government only provide the Welsh Government with a one-year Spending Round. The Minister provided some assurance that she was trying to address this issue within the current constraints by publishing the Chief Economist's report alongside the Budget to provide an estimate of the short, medium and long-term fiscal prospects for Wales.
18. The Third Sector understood the pressures and constraints the Welsh Government was under in terms of budgets and was keen to obtain an indicative budget. The Minister advised that they had a substantial reduction in budgets

going forward and because of these changes it limited the projects the Welsh Government could support.

Agenda item 3: Tax Policy Implementation Group

19. The Minister emphasised the importance of developing a Welsh approach to the way taxes in Wales operate. The Welsh Revenue Authority's approach was focused on developing a high trust relationship with taxpayers where people were helped to pay the right amount of tax at the right time.
20. The Minister advised that the Tax Policy Implementation Group was winding down, as it was set-up to deliver on specific devolved taxes. The Welsh Government was seeking to set up a new engagement structure.
21. One new area of work was to co-produce with partners an agreement establishing the principles about how all taxes in Wales should operate from the perspective of individuals and businesses.
22. Officials from the Welsh Treasury were keen to engage further with Third Sector colleagues to inform this work. The Welsh Treasury was in discussions with WCVA about next steps.

Agenda item 4: Brexit

23. The Minister confirmed that there would be no change in the existing arrangements for current EU funded projects and that they would continue to receive funding until the programmes closed in 2023. The Minister recognised that EU funds had been vital to the Third Sector and must be fully replaced. The Council General and Brexit Minister made a statement to the Senedd on 14 January affirming the Welsh Government's commitment to work constructively with the UK Government to find a replacement to the EU funds.
24. The WCVA sought to understand how the UK Shared Prosperity Fund would be distributed to the Welsh Government and beyond and asked that the Third Sector be involved in future planning and decision making, as they were aware that the Third Sector had been excluded from engagement on the Brexit Readiness Fund.
25. The WCVA had met with the Home Office and agreed to share the information from the meeting with the Minister. **(ACTION: Third Sector – WCVA)**