



David Rees MS
Cadeirydd, Y Pwyllgor Craffu ar Waith y Prif Weinidog
Chair, Committee for the Scrutiny of the First Minister
Bae Caerdydd / Cardiff Bay
Caerdydd / Cardiff
CF99 1SN

15 February 2024

Dear David,

I am writing in response to your letter of 17 January 2024 requesting further information following the scrutiny committee session on the 8 December 2023.

Warm and Fed this Winter

The Committee noted the reasons given in relation to the slippages in this programme, and would welcome any further information on these slippages that may be available. The Committee would also welcome assurance that the programme is undertaking different work to the UK Government schemes.

The Warm Homes Programme is the only fully Government funded home retrofit programme in the UK to have delivered uninterrupted support to lower income households for over a decade.

Given the complexity of the services being procured to deliver this scheme, extra assurance steps in the evaluation process were required, resulting in slippage to the procurement timeline. The small risk generated by this delay is more than offset by the reduced risk of legal challenge, which could have derailed the whole programme. Prior to Christmas, the Minister for Climate Change agreed to move the procurement to the next stage and we issued the outcome letters to all bidders on 2 January. The ten-day standstill period and 30-day statutory time limit for starting procurement challenge proceedings have now passed without any challenge being lodged.

Officials are now finalising contract terms for these complex services and mobilisation activity has started in parallel. We are on track to be operational on 1 April, as set out by the Minister for Climate Change on several occasions.

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

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

Officials are working with our contractors, local authorities and other partners to ensure the new demand-led scheme is complementary to other energy efficiency and fuel poverty schemes operational across Great Britain. Our advice service will have an important role in understanding their client's circumstances and supporting them to access the most appropriate scheme for their needs. Our in-home support services give fuel-poor households confidence to make the changes to a cleaner, more energy efficient future.

The Committee would welcome further information on any discussions the Welsh Government have had with Local Authorities in terms of the EcoFlex programme and confirmation of whether Local Authorities would be able to benefit from the programme if they adopt a regional approach as has happened in South Wales.

Officials met local authority representatives and the Welsh Local Government Association most recently on 25 January to discuss progress being made on ECO LA Flex. We have been working together to grow the ECO LA Flex offer and this meeting provided an opportunity for the authorities to feedback on progress and issues, share good practice, and identify areas for targeting further support.

19 local authorities now have operational schemes at varying levels of maturity, while the remaining authorities will soon have schemes in operation. There are many examples of local authorities working collaboratively. For example, authorities within the Cardiff Capital Region have worked together, generating benefits from a regional approach. There is also evidence of knowledge transfer taking place between authorities.

However, a regional approach could, in some cases, hinder local authorities who are able to move more swiftly individually and so it is right to take a case by case approach. Our priority is to ensure full coverage across Wales as soon as possible, to leverage as much support as possible and ensure support is available to those most in need.

The committee would welcome an update on the anticipated timescales for the Ofgem review of standing charges, particularly in relation to North Wales, which has higher than average standing charges.

We have published our response to the Ofgem review on standing charges <https://www.gov.wales/ofgem-call-input-standing-charges-response-welsh-government>. We understand Ofgem have received a very large number of responses and analysing them will take a significant amount of time. We have asked for further discussions with Ofgem, regarding their modelled impacts of potential changes to the policy, which suggested a switch of costs from standing charges to volumetric costs would be detrimental to Welsh customers. In the meantime, we will continue to press for a solution which is fair to lower income and low usage households, and which does not continue to disadvantage households in north Wales.

Co-operation Agreement

Could you please provide details of the amounts of funding allocated to each of the 13 areas, in the 2022-23, 2023-24 and 2024-25 budgets and in which Main Expenditure Groups (MEGs) and Budget Expenditure Lines (BELs) this funding is contained? You referred several times to funding being "ring-fenced" and monitored for potential underspends so presumably it can be quantified in this way.

Please see the table at Annex A which sets out the latest detail of the allocations for the thirteen areas with funding attached to them as part of the Co-operation Agreement. It also includes the associated Budget Expenditure Lines within which these allocations sit.

Spend against these allocations is monitored regularly and where there is joint agreement between the Designated Members and Welsh Government Ministers, any underspends can be used for areas that are within the Co-operation Agreement, including but not limited to the thirteen areas of allocation, or on other priorities such as cost of living or public services. All changes are agreed between the Minister for Finance and Local Government and the Lead Designated Member as members of the Co-operation Agreement Finance Committee.

As set out in the Draft Budget documentation, some aspects of the Co-operation Agreement will continue to be delivered beyond the conclusion of the 2024-25 financial year. Where this is the case, and where funding has been reprofiled to ensure delivery of these commitments, we will work collaboratively with the Lead Designated Member to establish a mechanism to ensure appropriate governance arrangements for this ongoing financial commitment. This grid does not include those allocations.

The following points should be noted when considering the grid at annex A:

1. The Co-operation Agreement allocation table is a working document which is updated as and when required. Allocations represent financial plans that are then actioned and updated throughout the financial year.
2. The table provides details of Co-operation Agreement allocations and provides details of which Budget Expenditure Lines (BELs) these sit within. On this basis these are not final expenditure outturn figures, and do not represent the total BEL amounts. They are provided to the Committee on an extraordinary basis, for the purposes of this response.
3. 2022-2023 figures show planned allocations as at 6th March 2023.
4. 2023-2024 & 2024-2025 allocations reflect the updated 2023-2024 plans announced on 17th October 2023 and the 2024-2025 Draft Budget plans published on 19th December 2023.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive, slightly slanted style.

MARK DRAKEFORD

Annex A: Co-operation Agreement – Planned Budget Allocations

Commitment Item	Revenue £m						Capital £m			
	MEG	BEL	22-23	23-24	24-25	Total	22-23	23-24	24-25	Total
Free School Meals	EWL	5219	18.10	58.50	93.50	170.10	0.00	0.00	0.00	0.00
Childcare (Flying start)	HSS	1087	9.40	35.16	37.28	81.84	0.00	0.00	0.00	0.00
National Construction Company (Unnos)	CC	6410	0.10	1.33	1.40	2.83	0.00	0.00	0.00	0.00
Building Safety	CC	2555	0.00	3.90	4.50	8.40	55.00	90.00	105.00	250.00
Net Zero Energy Company (Ynni Cymru)	CC	3770	0.05	2.47	3.48	6.00	0.00	2.00	20.00	22.00
Flood capital investment & national resilience	CC	2230	8.00	16.00	24.00	48.00	34.00	34.00	34.00	102.00
Public transport - feasibility studies	CC	2030	0.30	0.30	0.30	0.90	0.00	0.00	0.00	0.00
Econ - Broadcasting & media financial support; Culture Strategy	Econ		5.00	4.52	9.25	18.77	0.89	2.92	4.55	8.36
<i>of which: Broadcasting</i>		3762	1.00	0.16	1.00	2.16	0.00	0.00	0.00	0.00
<i>Media financial support</i>		3762	0.25	0.55	0.75	1.55	0.00	0.00	0.00	0.00
<i>Culture</i>		6170	2.65	3.81	7.50	13.96	0.89	2.92	4.55	8.36
Arfor	Econ	3751	0.00	4.00	5.00	9.00	0.00	0.00	2.00	2.00
Coleg Cymraeg Cenedlaethol and National Centre for Learning Welsh	EWL	5164	1.50	4.50	4.50	10.50		0.00		0.00
Mental Health	HSS	230	0.35	1.70	3.00	5.05	0.46	2.00	4.00	6.46

1. Universal Primary Free School Meals 22-23 & 23-24 - capital funding has also been allocated as part of the Sustainable Communities for Learning Programme budget.
2. The Culture heading includes funding allocations relating directly to the Co-operation Agreement commitments, where joint agreement is required between the Deputy Minister and the Designated Member.