



**Cynulliad Cenedlaethol Cymru  
The National Assembly for Wales**

**Y Pwyllgor Cyfle Cyfartal  
The Committee on Equality of Opportunity**

**Mawrth, 23 Tachwedd 2010  
Tuesday, 23 November 2010**

**Cynnwys**  
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,  
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.  
In addition, an English translation of Welsh speeches is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Veronica German	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Ann Jones	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Lynne Neagle	Llafur (yn dirprwyo ar ran Joyce Watson) Labour (substitute for Joyce Watson)
Janet Ryder	Plaid Cymru The Party of Wales

**Eraill yn bresennol**  
**Others in attendance**

Gill Lambert	Llywodraeth Cynulliad Cymru Welsh Assembly Government
Owain Lloyd	Llywodraeth Cynulliad Cymru Welsh Assembly Government
Carl Sargeant	Aelod Cynulliad, Llafur, (Y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth Leol) Assembly Member, Labour, (The Minister for Social Justice and Local Government)

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Sarah Hatherley	Gwasanaeth Ymchwil yr Aelodau Members' Research Service
Catherine Hunt	Dirprwy Glerc Deputy Clerk
Claire Morris	Clerc Clerk

*Dechreuodd y cyfarfod am 8.59 a.m.*  
*The meeting began at 8.59 a.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon**  
**Introduction, Apologies and Substitutions**

[1] **Ann Jones:** Good morning, and welcome to the Committee on Equality of Opportunity. I remind Members to switch off their mobile phones and pagers. We are not expecting a fire drill, so if the alarm sounds we will wait for instructions from the ushers. It is nice to have Lynne Neagle with us; Lynne is substituting for Joyce Watson. You are more than welcome, Lynne. We are quite a nice committee, so we hope that you will enjoy your meeting with us. Are there any declarations of interest under Standing Orders? I see that there are none.

9.00 a.m.

**Craffu ar y Gyllideb Ddrafft 2011-12—Tystiolaeth gan y Gweinidog dros  
Gyfiawnder Cymdeithasol a Llywodraeth Leol  
Scrutiny of the Draft Budget 2011-12—Evidence from the Minister for Social  
Justice and Local Government**

[2] **Ann Jones:** The only item on the agenda today is scrutiny of the draft budget published by the Welsh Assembly Government last week. I am delighted to have Carl Sargeant with us; he is becoming a regular witness to this committee, so his name plate is well known to us. With him are Owain Lloyd and Gill Lambert. Owain is head of finance, governance and business planning in the Public Services and Local Government Delivery Group. You have a longer title than anyone, I think, Owain. Gill Lambert is from the Equality, Diversity and Inclusion Division, and has also been to this committee before. You are all very welcome. We know that you are pressed for time, so we appreciate your making the effort to come here. We will try to get through this as soon as we can, because we know that you have other things that are, perhaps, more important, such as the announcement on the local government settlement later this afternoon. We will try not to ask questions about that, but I am sure that we will stray into some things. Perhaps you might like to make an announcement here; that could be quite a good thing to do. We will see. We thank you for the paper. If you are happy, we will go straight to questions.

[3] **The Minister for Social Justice and Local Government (Carl Sargeant):** That is fine, Chair.

[4] **Ann Jones:** I will start. Your paper states that an equality impact assessment of the budget has been completed. On the basis of that assessment, which groups of people will be disproportionately affected by the budget decisions?

[5] **Carl Sargeant:** It is important to understand the scale of what we have been dealing with as regards the budget for Wales that has been announced by the Conservative and Liberal Democrat administration. The pot of money that we have received for what we are able to deal with in Wales is much reduced. In framing our budget, across all portfolios in the Welsh Assembly Government, we have used an inclusive policy making process, which we touched on in an earlier committee meeting. We use those principles not just to test gender or inequality in one stream, but to look at the whole impact on gender, disability, race, age, religion, belief, sexual orientation, and so on. So, we encompass all of those when we make our decisions. That is what we have done line by line through our budget.

[6] **Janet Ryder:** Is that across every department?

[7] **Carl Sargeant:** All Ministers have been expected to do that under our single equality scheme. All Ministers consider the inclusive policy making process.

[8] **Janet Ryder:** As the Minister responsible, do you then sign that off? Do you hear from each department?

[9] **Carl Sargeant:** I have written to all Ministers in order for them to complete their exercise. It is their responsibility to explain to Members whether they have adhered to that policy, and to evidence that accordingly.

[10] **Ann Jones:** So, are there any groups that you feel will be disproportionately affected?

[11] **Carl Sargeant:** We have identified that the announcements and decisions made by

the UK Government are likely to have a greater impact on women, disabled people, ethnic minority groups and children than on others in our communities.

[12] **Ann Jones:** Have you taken service users or their representatives into account? Have they been involved in any budget decision making?

[13] **Carl Sargeant:** Again, we use the inclusive policy making process from the start. We have a two-tier system. We make Cabinet decisions corporately on our wholesale policy in major spending areas, and then it is down to individual Ministers to look at their individual portfolios in that decision process. So, we do not consider that the equality process is just about the draft budget; it goes beyond that. The budget has now been published, and we have had discussions, and outside agencies have been able to influence decisions. For example, I travelled around Wales on the ‘Your Service, Your Say’ tour, and Jane Hutt’s tour also picked up individual comments from organisations, and that is fed into the inclusive policy making process. Now that we have the draft budget published, we will continue to have a dialogue with outside agencies. It does not just stop there. Even when the final budget is announced, we will look at the impacts on other groups throughout the term of the Assembly.

[14] **Ann Jones:** Do you intend to publish the equality impact assessment as per the guidance from the Equality and Human Rights Commission?

[15] **Carl Sargeant:** We have published a full range of documentation to date, including detailed chapters for each portfolio elements, including my own. We have published the budget report, which sets out the openness and transparency around my decision making in each main expenditure group. We have published the draft budget motion, seeking authority to draw from the Welsh Consolidated Fund and also stating how we intend to spend and meet equality duties. We have already published a great deal evidence around this. With regard to the equality impact assessment, I am quite happy to publish that at the appropriate time.

[16] **Veronica German:** We are talking about key equality priorities in determining the budgets. You said that you looked at key equality priorities there. How closely do these align to the Government’s overall strategic objectives?

[17] **Carl Sargeant:** This budget has presented opportunities as well as challenges, in that it has provided the opportunity to discuss with colleagues the impact of their budget decisions across portfolios. We have discussed how a decision that I make, rather than solving a problem, could, potentially, create one by passing on the cost to somebody else’s department. We have had discussions across portfolios about who funds what where, and we are starting to better understand that process now rather than having a silo mentality when it comes to budgets. We have a collective responsibility for the delivery of services, albeit within individual portfolios. So we understand that better.

[18] We have set out priorities across Government—including in my own portfolio—around health and social services, education and skills, and housing. These are all key elements of our budget that, again, have cross-cutting themes. For example, we have given additional support to education by increasing education spending by the 1 per cent above. That will have a huge impact on the poverty agenda. We have seen some statistics around poverty versus educational attainment. There is a direct correlation there. So, there is an interaction there between the education department and my own in terms of social justice elements. We have considered the broader principles of the Government’s intent and brought that down into individual portfolios, including my own.

[19] **Veronica German:** You talk about educational attainment and poverty, but educational attainment and health outcomes is another aspect.

[20] **Carl Sargeant:** Indeed. The announcement that we will be making on the local government settlement will give some indication of educational support and social care support. The announcement will not be made until 9.30 a.m., so I cannot give you any more detail on that now.

[21] **Veronica German:** I probably did not put this very well earlier, but you talked earlier about women, disabled people and ethnic minorities. Are those your key priorities?

[22] **Carl Sargeant:** Our key priorities are schools, skills, health and universal benefits. That is what we have prioritised.

[23] **Veronica German:** Is equality part of that?

[24] **Carl Sargeant:** Of course. Within that overarching structure, we have used the inclusive policy making process to assess how they impact disproportionately on those groups of people within those sectors. Those are our priority areas, and we have looked underneath that to test the old IPM figures around individuals.

[25] **Veronica German:** So, if the allocations within the draft budget, as you have said, are aligned to those key priorities, how do you intend to identify and measure the effectiveness and outcomes of these strategic priorities in terms of their impact on different groups of people? We know where you are going, but how are you going to see whether it has worked?

9.10 a.m.

[26] **Carl Sargeant:** There will be many elements to that, and each Minister will have to account for that appropriately. Let us just take the education attainment element of that. It is no secret that the First Minister made a commitment to education in terms of the 1 per cent additionality. The detail will follow in terms of how that is allocated and who receives what. However, our intention is to improve attainment levels and educational standards in Wales. That is why we are investing in our young people. We have to test local authorities and ensure that that money goes to the front-line services, so there will be a recording system in place so that they can evidence that. We are investing in education and education lists at local authority level will have to evidence that they are putting the additionality into education and not syphoning it off into other important but separate public services.

[27] **Veronica German:** How are you going to assess the impact on the specific groups of people that you have just identified of those allocations?

[28] **Carl Sargeant:** It will be about long-term aspirations and indicators of attainment. If we are investing heavily in education, it is not like turning on a light bulb. Education is about giving people the tools and equipping them for a better outcome. We would expect to start seeing better attainment levels through our local authorities, but there will be a recording process further down the line.

[29] **Veronica German:** Will you be looking at, for instance, ethnic minorities, Gypsy/Travellers perhaps, and those particular groups of people, to see the impact on them?

[30] **Carl Sargeant:** Of course. Education covers children, and that means all children. Gypsy/Traveller children are included, so all the attainment levels will be recorded and we will understand better the impact of our investment.

[31] **Janet Ryder:** The whole idea of gender budgeting is that you trace the line right through to the eventual outcome. It is the measuring of those outcomes that will determine

how successful your budget has been. Do you intend to measure that output—I assume from your response to Veronica that you do—and do you have the measures drawn up for that output now, or is that still a piece of work that you have to do?

[32] **Carl Sargeant:** Gender budgeting works on the basis of the same principles as our inclusive policy making process. It is a systematic approach from start to end. I would be happy to give the Chair a note about our IPM process, but it is the same idea as gender budgeting. The end game is the outputs that we measure, and that is the same for—

[33] **Janet Ryder:** Do you have those targets now, or are you still working on that?

[34] **Carl Sargeant:** We are constantly reviewing this process, but we are able to provide some—

[35] **Janet Ryder:** So you know now what you expect the outcomes of the budget that you are laying to be, or what you would hope that they would be.

[36] **Carl Sargeant:** Yes, we know our intention and what we would like to see, of course.

[37] **Janet Ryder:** So, would you be able to include that?

[38] **Carl Sargeant:** We will write to the Chair with the details of that process, if that is okay, and what we are seeking to achieve and how we would want that reported and so on.

[39] **Ann Jones:** Sorry, Veronica, we have strayed into your questions on gender budgeting.

[40] **Veronica German:** That is okay. You have had two gender budgeting pilot schemes—one by Sport Wales and the other by the Department for Economy and Transport. We are not very clear as to what the outcomes of those pilot schemes have been, but have they influenced your approach in setting the budget? Have they fed into it? What has happened to them?

[41] **Carl Sargeant:** I provided some evidence at the last committee meeting around IPM and gender budgeting. What I said then was that we have seen the results from the pilot work that took place, particularly by Sport Wales and the Department for Economy and Transport. I believe that we have moved on since that process. It gave us useful information about where we were and what was happening. However, the Equality Act 2010 now presents a whole different argument in terms of the equality agenda. With regard to the equality landscape, we need to look at the elements of gender budgeting as a much broader principle in terms of IPM; that is why I said last time that we use IPM, which includes gender, in our decision-making process. We use all the equality strands around that. As I mentioned last time, if we just look at the gender strand of the Equality Act 2010, we can miss out people, whereas the IPM process, through that Act, can pick up other diverse groups. For example, a black, disabled woman picks up three strands of equality, whereas the gender strand would only pick up the woman element. Therefore, we are trying to have a much broader, inclusive policy, which is why we use IPM as opposed to just gender budgeting, but gender comes under IPM.

[42] **Veronica German:** Once you have that—whichever one you are looking at—can you say, ‘We have this information, and we have used it to change the priorities in the budget; we have looked at this, and therefore, instead of doing what we have done before, we have changed it with respect to equality. We have changed the way that we have allocated the budget, because of some of this work?’ I know that some of that is new. Can you say, ‘We could see that this was not giving everyone a fair crack of the whip, so we have changed the

way that we have done the budget'? Can you give us any examples of that?

[43] **Carl Sargeant:** I will need to ask my officials for the detail on that. I have asked officials to test all my budget decisions, line by line, against the IPM process. We do the equality impact assessment of budget decisions line by line and our policy-making process considers all the strands of equality. On examples of change, I will have to write to you with the detail on that. As with anything, by bringing in IPM, you follow a different route. I will have to write to you with the detail on that, as I do not have that information with me today. I am happy to have a look at that, and send any information to you. I believe that this is a more inclusive policy because we pick up all strands of equality, as opposed to just one in gender budgeting. Although that is important in itself, this broadens the principle out—it is a gender-plus process.

[44] **Mohammad Asghar:** Good morning, Minister. I listened to your statement with interest regarding the 1 per cent increase in additionality in education, and so on—well done. On the other hand, your paper states that the Welsh Assembly Government has protected the elements of funding for education and social services, which, between them, account for over two thirds of the total revenue support grant. Is it the case that this protection, in cash terms, equates to a real-term reduction? If you look at your spending plan, in real terms, total spend on equality, diversity and inclusion has been reduced by 4.7 per cent.

[45] **Carl Sargeant:** There is no getting away from the fact that we have a reduction in our budgets. It has been in the news that there has been a significant decrease in elements of our budget, and there has been no escape, in any part of the decision-making process, to allow people not to play their part in in the difficult and challenging times in which we find ourselves. On protection, as opposed to a 2, 3 or 4 per cent cut, we have protected education. We are also protecting social care by less than 1 per cent, so that, instead of a 3 per cent cut, it will be 2 or 1 per cent. Therefore, we are adding the additionality of the protection of 1 per cent.

[46] On service delivery, again, my message has been clear to local authorities and across the voluntary and third sectors that, in the difficult financial times in which we find ourselves, we have to work differently to attain the same. Therefore, it is about operating differently. I do not deny the fact that it will be challenging for local authorities and other sectors to deliver services. However, particularly for local authorities, there are other methods of raising revenue, such as charging—there are no easy options here—or the prudent use of reserves. Again, it is not easy for local authorities. They are responding and are changing the way in which they do business, but there is no getting away from the fact that the budget that we have unfortunately had to deal with will have elements of reduction for public service delivery.

9.20 a.m.

[47] We either take it as read that it is reduced or we try to act and do something about it; I hope that our partners in the provision of public services are doing something to mitigate some of the circumstances in which we find ourselves with the budget.

[48] **Mohammad Asghar:** How can you ensure that essential social care and front-line service provision for the most vulnerable are protected when the revenue support grant is unhypothecated?

[49] **Carl Sargeant:** Hypothecation and specific grants are long-standing issues that I and other Ministers have with local government. There is the question of whether there should be specific grants and I know that the Chair has been heavily involved in this process by lobbying extensively.



[50] **Ann Jones:** Hypothecate them all.

[51] **Carl Sargeant:** Since devolution, we have never had a decrease in our budgets. There has always been an increase, so this is a massive issue for Wales. The implications are huge. Local government has to operate differently and so do we. There has to be an element of trust in operation, but it also has to be evidenced. With regard to education and social care elements, my colleagues and I have said that there will be not an uplift, but less of a reduction—that is probably the best term to use. Where we provide additionality, local government must evidence how that is delivered in the system. In education, that is going to be around some of the individual school budget reporting procedures. So, every year, it will produce a report on how much money has gone in, based on how much money we have given. That will be recorded so that we will understand how the money has been spent.

[52] The problem with social care—and we are still working on the process, although I believe that we will come to a similar conclusion about the reporting element—is that there are a lot of complexities with the social care elements in health and the crossover between local authorities, public sector health and us. We have to understand how they are going to report back on that. We are working with the Welsh Local Government Association on that. Again, the same principle will apply as applies to education—authorities must provide evidence to us of how they have spent what we give to them. I think that that is doable and, to be fair to them, they have been very responsive in terms of wanting to achieve that within the RSG because they know that, if they do not deliver through the RSG, the next opportunity may be only through a specific grant and hypothecation, which they would resist at every turn. So, it is beneficial to them. If they can show delivery, they get the better deal. However, there is a caveat, because, if they do not, that is where they will be; it will be delivered through specific grants and withdrawn from the RSG completely.

[53] **Mohammad Asghar:** Finally, what steps will the Welsh Assembly Government be taking to ensure that local authorities and public bodies give due regard to equality impacts in the decisions they take in spending money allocated to them by the Welsh Assembly Government?

[54] **Carl Sargeant:** I have always made it very clear to them that that is the way that we deal with our budgets. Our expectation is that equality impact assessments are undertaken and that the IPM model of process is used. In around seven minutes' time, they will be receiving a letter from me that states very clearly my expectations with regard to the setting out of the principles of the equality duties in the Sex Discrimination Act 1975 and so on, and it will be detailed.

[55] **Ann Jones:** Thanks. I am going to exercise great restraint here and I am not going to say anything about hypothecation. [*Laughter.*] I am going to turn to Janet Ryder very quickly.

[56] **Janet Ryder:** I do not know whether I will be able to exercise that restraint. Minister, when your Proposed Local Government (Wales) Measure comes into force, you will have at your fingertips a lot of the power that you have been hinting at this morning that you could use should local government choose, for some reason, not to prioritise those who are most needy in their areas. So, I will say no more about that, but we will look forward to the next few years. You have also said this morning that, for the first time in many years, you are facing a drastically reduced budget, which is forcing you to make very severe cuts. It is forcing the Assembly Government to make very severe cuts, and no area is immune to that. Yesterday, we heard from the Chief Secretary to the Treasury the quite devastating news that he is not ever—or, at least not within the next four years—going to review the Barnett formula to make up that very great shortfall in funding that Wales suffers now. Given those two very big financial penalties that Wales is taking at the behest of the Tory and Liberal

Democrat Government in London, how do you expect local government, with its reduced settlement, to implement equal pay policies for women? How will we ever see those women, who are lagging behind now, brought up to the level that they should be at?

[57] **Carl Sargeant:** Thank you for that really important question, Janet. When I came into post 12 months ago, equal pay was something that I challenged local government on, in terms of how we could move the agenda forward. Again, I have given evidence to the committee on the difficulties that local authorities face, not because of a lack of desire to move forward on it, but the enormity of the challenge that they now face due to the legal framework around this. They are being challenged whether they settle or not and, therefore, they find themselves in an ongoing and continuously difficult position.

[58] In terms of funding, the equality pay element of £54 million was built into the local government settlement in 2007-08, and subsequently, year on year after that, we have supported the implementation of equal pay. It is a matter for each individual authority to complete, but aside from the budget, the equality duties—specific duties—that we are framing now will also include some processes within that around the equal pay duties of local authorities. Again, the specific duties will be outcome based; therefore, they will have to have a full understanding of how to measure the scale of an equality duty, including equal pay, and have a delivery plan of outcomes, so that we can measure against something rather than just saying, ‘Yes, we are driving forward to achieve equal pay across the authority’. They are doing so, but they are all at very different levels and they face different challenges. The specific duties will give us the knowledge about how and when they intend to achieve that.

[59] **Janet Ryder:** Do you think that they will have the funds to do it, Minister?

[60] **Carl Sargeant:** There are many options in terms of how they fund that, one of which is prudential borrowing. Some authorities do that, and some do not. I wrote to all authorities some three or four weeks ago, stating that prudential borrowing around the equal pay settlement, for example, is still available, but I do not know how for long that will be the case because equal pay is based on the formula from the Treasury. I do not think that we are at that threshold yet, but I would like to have more detail from the accountancy element of the portfolio. However, I understand that prudential borrowing is still available for authorities to apply for to tackle their equal pay duty.

[61] **Janet Ryder:** Are you fully aware of how each authority is progressing against that? Could you give a note to the Chair on how each authority is progressing?

[62] **Carl Sargeant:** It would be easier to do that. I have some of the details with me now, but it would be easier for me to write to you on that process and I would be happy to do so.

[63] **Janet Ryder:** Could I change the order of my questions, Chair?

[64] **Ann Jones:** Yes; that will be fine.

[65] **Janet Ryder:** One thing that is very much dependent on, or associated with, equal pay is the Government’s intention to tackle child poverty. Obviously, the amount of money that a woman earns will probably have a greater impact on raising children out of poverty than many measures. How satisfied are you, given the cuts that you have been forced to make, and that local government will be forced to make, that you will be able to achieve that or make any headway on that?

[66] **Carl Sargeant:** As I said earlier, the impact of the UK Government’s budget will hit women, disabled people, children and ethnic minority groups hard. The element of children and the poverty agenda is clearly something that I know that my colleague, Huw Lewis, is

looking at very closely. The positive element in all this is that, as you are aware, we have launched the new child poverty strategy in Wales. It sets out a clear policy direction in terms of where we want to be and the Deputy Minister has made a clear commitment on that. Again, I think that it goes back to some of our spending priorities, one of which is around education. There are examples where poverty, education and opportunity are very heavily linked. If we can tackle those issues around education, we can break the poverty cycle. That is a long-term effect, but the strategy is about enabling communities to grow out of poverty, not funding communities to stay in poverty. That is the key difference with regard to what we have done in Wales to invest in the key priorities of the budget. The child poverty strategy is heavily involved in that as well.

9.30 a.m.

[67] **Janet Ryder:** So, Minister, you have certain measures and initiatives in mind that you think are key to alleviating child poverty. How will you ensure that local authorities do not cut back on those initiatives, and what would you do if they do cut back?

[68] **Carl Sargeant:** The decisions on their priorities are local decisions. I would expect them to fully assess how they deliver, through equality impact assessments. They are answerable to the Equality and Human Rights Commission and open themselves up to challenge if they do not do that.

[69] **Janet Ryder:** So, again, you are looking forward to the powers that you will receive under the proposed local government Measure.

[70] **Carl Sargeant:** I am always looking forward to that. [*Laughter.*]

[71] **Janet Ryder:** Some groups are more vulnerable than others, and perhaps one of the most vulnerable groups is families in which there is a disabled adult or child. Those families' incomes tend to be below 60 per cent of median income. What action can you take to protect front-line services for those families that have a disabled child or adult?

[72] **Carl Sargeant:** There are wide-ranging activities across all portfolios—not just in mine, but in health and education, which will have an impact on the families to which you have referred. The child poverty strategy has a specific chapter on families where there are disabled children or vulnerable adults. The strategy, which Huw Lewis launched this year, clearly outlines the expectations regarding the support mechanisms.

[73] **Janet Ryder:** Are you satisfied from your discussions with local authorities that they are mindful and supportive of that?

[74] **Carl Sargeant:** Yes. I have broad-ranging discussions with the authorities. I do not seek to defend their position, but they are in fact in a difficult position in that they have to deal with deficits in their budgets. This year will be the first year in 10 years for them to experience a reduction in their budgets. Last year I was saying that the window of opportunity for change was here, because there were bad times ahead, and some responded well to that, whereas some responded less well. We are at the point at which the budget is to be announced, and some serious numbers are being talked about in relation to the expectation on public service delivery. I have told the voluntary sector and individuals involved in the equality agenda that they should consider their budgets in a holistic way, so that they do not pick something out and say 'We will not do that any more because we do not want to do it'. They will have to test it against the equality agenda. I have just written to them to say that that is the expectation.

[75] **Janet Ryder:** Finally, the third sector is crucial in supporting many of those

vulnerable groups, but we know that the budget for the third sector will decrease by 13.3 per cent in real terms by 2011-12. Do you intend to withdraw any specific grant support for third sector partners in order to deliver the savings required at home?

[76] **Carl Sargeant:** No-one can escape the difficult challenges that we face. I have said that clearly to the third sector, and we have had regular meetings about that. The volunteering grant element of that process distorts the figures slightly. We have had discussions over the past six or eight months about phasing out part of that process. We had three volunteering programmes, and we have reduced the top-line number and have streamlined things so that there is one programme delivering a service at a certain level. That has not come as a surprise to the sector; it was being planned months before the discussions on the budget. So, that distorts the figures slightly.

[77] However, with regard to the specific grants element and the voluntary sector, the bulk of the funding is around the infrastructure fund, which is not being reduced. Organisations such as the Wales Council for Voluntarily Action and county voluntary councils will be receiving flat-line allocations in their support budget, unlike other organisations in the public sector, such as the Welsh Local Government Association and the Wales Audit Office, which are seeing significant reductions in their budgets. So, again, I have tried to equality-test my decisions against who are the people receiving these services. I recognise that the third sector delivers many services to vulnerable people and others, whereas some of the work of the WAO and the WLGA is about support elements and mechanisms for processes, as opposed to front-line service delivery. So, I have tested that quite severely.

[78] **Lynne Neagle:** Specific identified groups such as Gypsy/Travellers, refugees and asylum seekers are among some of the most disadvantaged groups. Why have you taken the decision not to protect funding in your budget for these groups?

[79] **Carl Sargeant:** There is a significant reduction with regard to capital spend, particularly, but we have not taken that decision lightly; we have evidenced that process. We looked at historic spending and profile spending and, over the past few years, there has been a substantial line of support for capital spend around new Gypsy/Traveller community sites. Unfortunately, there has been either little application or no application at all, and applications have had planning difficulties, because, as we are all aware, there are often planning difficulties and objections around Gypsy/Traveller community sites.

[80] So, we have had in place a pot of money that has not been utilised, really. We have, therefore, adjusted that figure to what we think is a more reasonable figure with regard to our profile for the future. I believe that, at the level that we have been receiving bids for support, we could probably manage within budget, in-year, to accommodate those bids for support anyway. So, it is not that we disproportionately attacked that line, but that historic spend in that field has given us the evidence to demonstrate that we do not spend that money on that line. However, that identifies another problem. The reason why we are not attracting bids is because of the planning system and the process of allocating sites and so on at a local authority level. We are doing some more work on how we can support that process, and some of the Gypsy/Traveller strategies that we launched earlier this year for local authorities to consider will hopefully support that principle.

[81] **Lynne Neagle:** The equality, diversity and inclusion budget line has a year-on-year reduction. What assessment has been made of the financial implications of new duties for public sector organisations in Wales under the Equality Act 2010 and how will the additional work needed to meet the legal requirements be funded?

[82] **Carl Sargeant:** It is anticipated that the planning assumptions and reductions applied to this budget will not disproportionately impact on equality groups. They will merely reduce

the level of spending within the budget line. I do not think that they will be too onerous on budget levels and their impact on any equality groups. We do not believe that that will be the outturn of these new duties, and we do not think that it will be a huge financial burden for anyone.

[83] **Lynne Neagle:** As you know, more women are employed in the public sector in Wales than men, and often those women are in low-paid, part-time jobs. What steps has the Welsh Government taken to address the disproportionate impact of public sector job losses on women on low incomes?

[84] **Carl Sargeant:** We have done some work on that, but what we cannot do, and what I will not pretend to be able to do, is try to mitigate some of the effects of the UK budget on Wales. We cannot fully meet the funding gap that has been presented to us by Westminster. I acknowledge what you say about women in public sector jobs, usually at the lower-paid end. We must be honest and present real-case scenarios for the UK and Wales. We recognise that there will be significant job losses in the public sector as a result of the UK budget.

9.40 a.m.

[85] In Wales, through the efficiency and innovation board, chaired by Jane Hutt, we have started to create a team, led by Jobcentre Plus Wales with trade union, third sector, local government and Assembly Government representation, looking at the public sector career transition programme. We are trying to help people who could or will be affected by job losses and so on to enable them to work across the public sector—where people may be displaced in health, there may be opportunities for them in local authorities. We are trying to create a programme that will support that principle. It is at an early stage, as yet, but I know that a fully costed programme is being worked up by the EIB and is being taken on board as a work stream for development. We are acknowledging that this will have an impact in Wales and we are trying to put in place a process to help people who will potentially be displaced by public service job losses, who will include women.

[86] **Lynne Neagle:** I have a question on low pay. When the UK Government announced in the budget protection for public sector workers earning below £21,000, no-one realised that that did not include local government employees. Has there been any progress in that area? I know that it is an England-and-Wales issue, but low-paid workers will be hit hard by the VAT increase and all the other things that are coming our way. Local government workers feel hard done by, and they will not enjoy the protection that other low-paid public sector employees will enjoy.

[87] **Carl Sargeant:** We are still working on the details of some of these actions, because we are getting information in a drip-drip fashion from Westminster about which benefits are being reduced or changed that will have an impact on us. We have tried to base our budgets on what we know or what we think will happen. That is where the IPM model comes in with the equality assessment of our budgets. We always take equality into account, and not just the gender element. It is important that we try to understand who will be hit hardest, quickest and so on—children, disabled and ethnic minority groups—and build that in to our processes on our priorities in health, education and skills. We recognise that all three are fundamental to lifting people out of poverty. It is about short-term gain in some equality elements, but the long-term gains will be to change the culture and ethos in our communities. That is why we have tried, with a limited budget, to do something different that will have an impact on our communities and, we believe, lead to a better outcome in Wales than in England.

[88] **Lynne Neagle:** Figures published by the Equality and Human Rights Commission show that, for poorly qualified British men with disabilities, the chances of working halved, from 77 per cent to 38 per cent, between the 1970s and 2000. Do you have a view on whether

the loss of low-paid public sector jobs will disproportionately affect men with disabilities? What steps have you taken to address that?

[89] **Carl Sargeant:** The recession will hit some groups more than others, particularly multidisadvantaged people. As opposed to picking someone up as ‘man’ or ‘woman’, our IPM process will pick someone up as ‘man, black, disabled’. We pick it all up in our decision making, so we identify these issues in a much more holistic way in our budgets. We have tested that across the portfolio. Challenging times lie ahead, and we all acknowledge that. I do not know what the implications will be of UK Government cuts in benefits support and housing. I am significantly worried by the impact of what will happen with housing benefits in the next few months. We cannot react to that at this stage of the budget, because we do not know what is coming down the road. What we have based our budget on is what we know, and how we have been able to attach inclusive policy making and equality duties to that decision-making process. Nevertheless, it will be challenging.

[90] **Lynne Neagle:** There is a big overlap between non-devolved and devolved issues, such as policing and benefits issues. Have you had any discussions with the UK Government about its recent decision to opt out of the commitment to child-poverty-proof policies in England, and what kind of impact that would have on non-devolved services in Wales?

[91] **Carl Sargeant:** I have not specifically on the child poverty element, because that is within Huw Lewis’s portfolio, although I imagine that he will have had such discussions. However, I have had discussions with Theresa May about equality duties, and so on. The Westminster Government line in England is different from the one that we are taking in many ways, including on the equality duties and other elements that we are pursuing, particularly benefits.

[92] **Ann Jones:** Do you see it as a problem that you are taking a distinct, different line? I know that that is devolution, and I do not want to go into that, but do you see this causing problems for the Welsh block grant later in the process, for example if there were a second emergency budget, because we will not be seen to be toeing the line on certain issues, and we could therefore suffer even more?

[93] **Carl Sargeant:** I see it as a bit of both, really—a problem and an opportunity. The issue is that these have not been uplift budgets, so, as opposed to topping up proportionally, we have had to think long and hard about the difference between need and want, in effect. That has been quite challenging, because a 3 per cent cut might be workable for one organisation, which can work within those confines, perhaps by reducing its overheads by 3 per cent, but a 3 per cent cut to another organisation might be the difference between it staying open and closing. The level of funding is the same, but the difference might be significant. What we have tried to do with our equality element is test which groups will be disproportionately affected by this and how we can try to mitigate some of the circumstances. However, we cannot fill the gap that the budget from Westminster has created, and I recognise that there will be other pressures, particularly to do with the homeless and housing elements of this. Those pressures are a direct consequence of a reduction or change in benefit, which puts pressure on the devolved administrations regarding benefit advice and support for homelessness, which are all devolved elements. So, there are implications to this, and we have tried to build that into the process. We cannot be expected to pick up the tab for some of these reductions, but what we are doing with our budget is targeting our resources at specific areas, which are our best target audience, if you like.

[94] **Janet Ryder:** Just to confirm, in your discussions with Theresa May, are you satisfied that we are ploughing a different furrow in many areas of equality duties and in how the equalities agenda is developing here? As the Chair said, that is a consequence of devolution, and I am sure that we will develop a system that is right for Wales. Apart from the

areas that you have described, could you give the Chair a note on where those differences are, because what often happens is that certain groups hear about what is happening in England and expect it to be happening here, and it can cause a great deal of confusion? I wonder whether there are areas that could be clarified for this committee, to enable us to respond to such groups.

[95] **Carl Sargeant:** I would be happy to have a look at that. I would say this, I know, but I think that what we are doing is quite positive while there are some retrograde steps in England, actually reducing the duties on equality. I believe those duties are right, and I am sure that most of us do. I would be happy to drop you a line on this, but I just need to have a think about what information would be useful for you. I would be happy to take a look at that for a later date, if that is helpful, Chair.

[96] **Ann Jones:** That would be helpful.

[97] **Janet Ryder:** On what you think might be useful for us, we may want to call you back and ask you more questions. [*Laughter.*]

[98] **Carl Sargeant:** I should have a regular seat on this committee.

[99] **Ann Jones:** You have.

[100] **Carl Sargeant:** I do enjoy it.

[101] **Ann Jones:** Right—I have lost track of where we are. Veronica, you are next.

9.50 a.m.

[102] **Veronica German:** Moving on to public transport, which is very close to our hearts in this committee, the draft budget talks about the importance of support for bus services, which is very welcome. Concessionary bus travel for the elderly, the disabled and their carers provides access to public transport for those who need it the most. The Welsh Government is currently piloting the community transport concessionary fares initiative and the concessionary fare rail scheme. What discussions have you had with the Deputy First Minister and Minister for the Economy and Transport about protecting those services for our vulnerable people?

[103] **Carl Sargeant:** Our budget recognises health, skills, education and universal benefits. Universal benefits include concessionary fares, which are a key priority for the Welsh Assembly Government. During the Your Service, Your Say tour, which Jane Hutt and I undertook, we met a community transport group in Newtown. The work that it did was not just about giving Mrs Jones a lift to bingo on a Wednesday afternoon, although that is very important because the social element of that is huge for Mrs Jones; it also did work on cross-border transport for hospital services. Newtown is difficult because of the Shrewsbury and Gobowen hospital elements. The group did an awful lot of work in its community on concessionary fares, which are important to people. So, we picked up that message strongly when we were out and about in Wales.

[104] On the detail of future spending commitments, we are committed to delivering universal benefits, but the final decision will be made by the Minister for transport on how specifically he allocates that budget. So, I cannot answer the detail in numbers, but I know that it is a commitment by the Welsh Assembly Government to support universal benefits, of which that is one, and free school breakfasts are another.

[105] **Veronica German:** Another aspect of support for vulnerable groups is housing,

particularly support for older people to make adaptations so that they can remain in their homes. At the moment, that support comes from a number of different funding streams, including Care and Repair, the rapid response adaptations programme and the social housing grant. What discussions have you had with the Deputy Minister for Housing and Regeneration about the potential impact on vulnerable people, looking at it from the equalities side, of any reductions in funding in this area?

[106] **Carl Sargeant:** For fear of treading on the toes of other Ministers, I would not want to make decisions for them about their spending commitments, but I am aware of some of the housing provision from the broader collective discussions that we have had across Cabinet. The rapid—sorry, the rapid response programme. The rapid response programme must be a new programme that we are introducing. *[Laughter.]* Your laughter is catching, Veronica. The programme provides £1.6 million, which is protected, as is the revenue funding for the Care and Repair programme. There is a reduction in that budget from £453,000 to £436,000 in 2011-12, but I know that there is an element of efficiency that could be brought into that programme from the merger with Community Housing Cymru. So, I do not feel that there will be much difference in the outcome from where we were previously to where we are with that programme. I do not want to pre-empt Jocelyn Davies's discussions with you, but I know that there are elements within her budget that are already protected for vulnerable people and support for people in communities.

[107] **Veronica German:** However, you will have had those discussions by virtue of your particular role standing up for equality of opportunity, as opposed to the general housing—

[108] **Carl Sargeant:** Absolutely, and the papers that I sent to Cabinet Ministers with Jane Hutt have consistently conveyed that message of testing with equality impact assessments. On the judgments that Cabinet Ministers have made, I can give you only the figures and the detail that I know they have done, but I expect that they have tested the difficult decisions that they have to make against the equality impact assessment. So, they recognise that there will be an impact on vulnerable people, and this is how they have tried to mitigate it within the budget constraints in which they find themselves.

[109] **Lynne Neagle:** I very much welcome the decision to protect resources for the victims of domestic violence, but some of the budgets that support work with women who have experienced domestic violence are in other portfolios, particularly housing, I understand that consideration is being given to putting the Supporting People revenue grant into the rates support grant. Have you had any discussion with the Deputy Minister for housing about that issue with a view to how it could impact on the domestic violence strategy in Wales?

[110] **Carl Sargeant:** There is a domestic abuse line within my budget, but we must acknowledge that there are impacts on other departments as well, and I know that my Cabinet colleagues also consider it a priority to deal with that. Mansel Aylward has just done a comprehensive report on the housing issues, which I think is about 250 pages long, and that goes into the detail of how housing revenue should be more streamlined and put into the revenue support grant for local government. The Deputy Minister for housing will respond to that. I go back to what I said earlier about how Ministers make decisions, which must all be framed around equality testing. That is a clear message that I have sent out, and I would expect them to be able to show evidence of that process when coming to their decisions in every individual case.

[111] **Ann Jones:** We have finished on time. Well done, Minister. Thank you for coming, as I know that it is a difficult day for you, given the amount of work that you have. We will all go back to look at the revenue support grant that has been issued to our local authorities, and we will no doubt have more questions for you on it as a consequence. We thank you and your officials for coming today, and we look forward to having you back at another



committee meeting soon. I am sure that you will be back before much longer.

[112] We have to write to the Chair of the Finance Committee about the discussion that we have just had on the budget, outlining what we want to see. I picked up three issues as the discussion went on. The first is that the equality impact assessments need to be transparent and published. The second is on equal pay, as there are still concerns about whether equal pay will fall even further backwards rather than come forwards. The third is that we want to see the most disadvantaged protected in some form. Do Members have anything else to add in a general letter?

[113] **Lynne Neagle:** Notwithstanding the assurances that the Minister has given, there are concerns about how specific priorities will be delivered by local government without hypothecation. I am not a permanent member of this committee, but I would personally like to see that reflected in the committee's deliberations.

[114] **Janet Ryder:** Given the Government's stance on hypothecation, it will be difficult to do that. As the Minister said, many of these issues are for local determination. The more you look at this budget, the more you can see that the Assembly Government has done what it can in extremely difficult circumstances to protect the most vulnerable as much as possible. It is now up to other people. This will be a big test. It will be interesting to see what happens and to what extent the Minister has recourse after this to use the quite extensive powers that he will have once the Proposed Local Government (Wales) Measure is passed.

[115] **Ann Jones:** Thanks for that. We could include a covering paragraph saying that we have some concerns about how our priorities may fall at another hurdle.

[116] **Janet Ryder:** Another issue that was also picked up by the Minister is that when you try to trace budgets through to their outcomes and you are looking at the most vulnerable, you realise how much they cut across all portfolios. I presume that it would be this Minister who would be responsible, as he has equalities duties, for bringing this all together in one place, and that the Government is satisfied that it has assessed as far as possible those outcomes across every single portfolio.

10.00 a.m.

[117] **Veronica German:** That is the point that I would make. We know that the Government has to make its decisions with this in mind, but how do we know that that has had an impact? Does the Minister come back to look at the impact assessments and those outcomes? That is the bit that I am not very clear about.

[118] **Ann Jones:** It is not clear. If we can have transparency in the equality impact assessment being published, then we can look at the detail and go through it, and, in the fourth Assembly, the new committee may want to bring the Minister in, whoever he or she may be, to see whether the priorities set in the budget have worked. So that is the tone of the report, but we will send it out and get it agreed.

[119] **Janet Ryder:** It might be interesting, Chair, to include all of that in a legacy report from this committee. It might be useful for a future committee to see that those are the issues and outcomes of the budget that we would like to see.

[120] **Ann Jones:** I am sure that we will do that. The next meeting is on 7 December, when we will be taking evidence from Newport Transport, Arriva Bus Wales and Powys County Borough Council. We are also going to try to get some other county councils to take part in our ongoing inquiry into the accessibility of transport services for the disabled. With that, I thank you very much and I declare the meeting closed.

*Daeth y cyfarfod i ben am 10.01 a.m.*  
*The meeting ended at 10.01 a.m.*