



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

**Y Pwyllgor Cymunedau a Diwylliant
The Communities and Culture Committee**

**Dydd Mercher, 14 Hydref 2009
Wednesday, 14 October 2009**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi 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

Eleanor Burnham	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Alun Cairns	Ceidwadwyr Cymreig Welsh Conservatives
Janice Gregory	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Lesley Griffiths	Llafur Labour
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Bethan Jenkins	Plaid Cymru The Party of Wales
David Lloyd	Plaid Cymru The Party of Wales
Lynne Neagle	Llafur Labour
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Huw Davies	Pennaeth yr Uned Fusnes Materion Gwledig a Threftadaeth Head of the Rural Affairs and Heritage Business Unit
Jocelyn Davies	Aelod Cynulliad, Plaid Cymru (Y Dirprwy Weinidog dros Dai) Assembly Member, The Party of Wales (the Deputy Minister for Housing)
Brian Gibbons	Aelod Cynulliad, Llafur (Y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth Leol) Assembly Member, Labour (the Minister for Social Justice and Local Government)
John Howells	Cyfarwyddwr Diwylliant, Y Gyfarwyddiaeth Dyfodol Cynaliadwy Director of Culture, Sustainable Futures Directorate
Alun Ffred Jones	Aelod Cynulliad, Plaid Cymru (Y Gweinidog dros Dreftadaeth) Assembly Member, The Party of Wales (the Minister for Heritage)
Jonathan Jones	Cyfarwyddwr Twristiaeth a Marchnata Director of Tourism and Marketing
Nick Jones	Pennaeth Cyllid Tai Head of Housing Finance
Owain Lloyd	Pennaeth Cyllid, Llywodraethu a Chynllunio Busnes Head of Finance, Governance and Business Planning
Kath Palmer	Pennaeth Gweithrediadau Tai a Newid Head of Housing Operations and Change
Caroline Turner	Pennaeth y Gyfarwyddiaeth Cymunedau Head of the Communities Directorate

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Tom Jackson Clerc
 Clerk
Annette Millett Dirprwy Glerc
 Deputy Clerk

*Dechreuodd y cyfarfod am 9.33 a.m.
The meeting began at 9.33 a.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Janice Gregory:** Good morning, everybody, and welcome to this meeting of the Communities and Culture Committee. If anyone has a mobile phone, BlackBerry, or a pager, I remind them please to switch it off altogether, and not to put it in flight mode or on silent.

[2] As you are all aware, the National Assembly for Wales operates through the media of English and Welsh. Therefore, the translation is available on channel 1 of the headsets, while the amplified proceedings are on channel 0.

[3] There is no fire drill today, so, in the event of the fire alarm sounding, we will be required to leave the building in a safe fashion. Please be guided by the ushers, who will ensure that we leave safely.

[4] We have apologies from Lynne Neagle. There are no substitutions this morning.

9.34 a.m.

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru 2010-11 Scrutiny of the Welsh Government Draft Budget 2010-11

[5] **Janice Gregory:** Welcome, Deputy Minister. Good morning to you and to your officials. Thank you very much for taking the time to come to committee to be scrutinised on the Assembly Government's draft budget for 2010-11.

[6] As Members know, after the scrutiny session of the Deputy Minister and the two Ministers, the clerk will prepare a report to summarise the committee's views. I will then send that to the Chair of the Finance Committee. We have a full agenda this morning so, without further ado, I will hand over to the Deputy Minister. Thank you for your paper, Jocelyn. Perhaps you would like to introduce your officials for the record.

[7] **The Deputy Minister for Housing (Jocelyn Davies):** They are Kath Palmer and Nick Jones. I have another official with me, who is not at the table.

[8] **Janice Gregory:** Thank you, Deputy Minister. As you will know, because you have been through this process before, we have a set of questions for you, but if you would like to start by speaking to your paper, we can ask questions after that.

[9] **Jocelyn Davies:** Thank you for the opportunity to come before you today. Before I comment on the draft budget for 2010-11, it might be worth looking back at the discussion that we had last year, because I know that a number of you raised concerns, and I thought that I could use this opportunity to bring you up to date on those areas on which you had concerns. When I came to see you last year, I had made a strategic capital investment fund bid, but I had not received the allocation. We were successful in that and secured an extra £42 million over three years. However, by the end of the last financial year we were able to spend £15 million

of that, which secured over 200 properties from 30 or so developers all over Wales. Those properties were built for the open market, but were unsold because of the downturn in the economy; therefore, we were able to purchase properties through housing associations in line with what local authorities identified as being their strategic priority.

[10] In relation to the transfer of Welsh Assembly Government land to housing associations, we have been able to make some progress. For example, Old Town Dock in Newport was transferred to an association for £1. More transfers are in the pipeline, and we hope that more will have been completed by the end of the year.

[11] In relation to our target of 6,500 homes—this is independently verified by the Wales economic research unit—we are halfway through the Government term and we are on target; we have met our halfway target. We are a tiny number over, but at least we are on target. Last year, some Members were concerned about those who were unable to get on the owner-occupation property ladder. I think that Joyce Watson mentioned single-person families who would not qualify for social housing, but would probably never be able to afford to buy. I am delighted to say that, directly as a result of one of the Essex work streams, I am hoping to receive a proposal shortly that will help this group. The basis of that proposal is a rental structure, so it will be an intermediate rental model that would enable the tenant to build up a sum during the tenancy period that would be available, in the longer term, as a deposit towards house purchase. So, it will be of low open-market value, but it will be an intermediate level. I am hoping that we will be able to progress that.

[12] We have been able to launch a new homebuy product that will be much more effectively targeted. That gives local authorities another item in the range of options that they can offer if homebuy is a priority for them. On the social housing grant programme, there were concerns about the processes and the administration. We have been able to make considerable progress with this, again through the Essex work stream, so we can streamline that and we are also more actively involving local authorities in the process.

[13] Our mortgage rescue scheme has been a great success, especially in comparison with other schemes in other parts of the UK. We were the first administration in the UK to have a mortgage rescue scheme. We have already helped 90 families and have approved applications for a further 86. No-one has yet been refused. We have now agreed a protocol with the courts in Wales, so that when people go before them for repossession or eviction proceedings, the courts will now generally—if anyone is aware of somewhere this is not happening, they should highlight that—suspend action while the mortgage rescue scheme and other options are explored. Carmarthenshire suspends action for about 90 days, which gives plenty of time for other options to be explored.

[14] To come to this year's budget, I am pleased that the draft budget has increased revenue funding by 2.7 per cent. That has enabled us to increase the baseline funding for Supporting People and the home improvement agencies, as well as providing more funds to tackle homelessness.

9.40 a.m.

[15] On the capital side, Members may be confused—I certainly was—by the apparent reduction in the budget for tackling homelessness for 2010-11. It was identified in the housing spending area. I think that you will see that it appears that there is a reduction of £91 million in the projected expenditure. In fact, this is not the case. That line should not have read 'tackling homelessness', but 'to increase the supply and choice of housing'. In effect, this equates to the social housing grant. It was just a typographical error. It shows that there is an apparent drop in social housing grant, which is a cause for concern, but the majority of that

decrease is, in fact, a result of our own accounting conventions. Of that apparent loss of £91 million, only £13 million is an actual reduction in the three-year budget. That relates to the projected expenditure that would have been on the not-for-profit nursing homes. Perhaps I will be able to come to that a bit later.

[16] You will remember that, last year, I said that, although we had money in that budget line, we did not have a scheme to spend it on. The scheme that we had worked up might have breached the state aid rules, so we have had to start from scratch. So, we are going for a different model now, which means that there has not been spend from this budget line. Having deducted the figure of £13 million from the sum of £91 million, the remainder is brought forward money to spend to stimulate the construction sector because of the recession during 2008-09 and 2009-10. There is a Barnett consequential during 2009 that will not be available in 2010-11. Therefore, the actual reduction is the £13 million that I was unable to spend on the not-for-profit nursing homes. As those funds have been committed already they are not available next year. However, we are looking to see what more we can do to increase the supply of affordable homes and make better use of the funds available.

[17] So, I can only apologise about the error, which, unfortunately, was not spotted before publication. However, I assure the committee that this will be corrected in time for the final budget.

[18] **Janice Gregory:** Thank you, Jocelyn, for that explanation, as I think that that had caused a great deal of concern.

[19] **David Lloyd:** Good morning, Deputy Minister. What are the implications for the housing spending programme area should responsibility for building regulations be passed to Welsh Ministers?

[20] **Jocelyn Davies:** That would not fall to me. I guess that it would fall to Jane Davidson. However, in relation to building regulations and the spend within the social housing grant programme on social rented accommodation, those properties are built to a very high standard anyway. Therefore, even if normal building regulations change, I am not sure whether it would affect us at all, because our standards are higher than those required for the open market.

[21] **Bethan Jenkins:** From your evidence, there seems to be a reduction of 63.5 per cent in the budget for supporting stock transfer and community housing mutuals. How will this affect stock transfers that are imminent in 2010? Some areas are in the process of going through these at the moment and might be hindered because of the cut.

[22] **Jocelyn Davies:** I think that that budget line is the money that we hold for use in the event of there being a 'no' vote; if a local authority runs a ballot on a transfer and there is a 'no' vote, we refund the cost of running the ballot. However, if there is a 'yes' vote, those costs are taken as part of the setting up costs of the community mutual. I do not think that there has been a 'no' vote since I have been Deputy Minister, so that budget line is not spent. However, we do use that. Nick, would you like to expand on that point?

[23] **Mr Jones:** The stock transfer community mutual budget line is used for our internal administration surrounding the stock transfer, such as legal fees and so on. It has been underspent in past years and has been used to support the regulation function.

[24] **Jocelyn Davies:** So, the dowry, which would be paid in the event of a successful 'yes' vote, comes out of the major repairs allowance. The same money that would have gone to the local authority as a major repairs allowance is paid as dowry to the transfer body. That is a different budget line, which has stayed static at £108 million.

[25] **Mark Isherwood:** There was a ‘no’ vote a few years ago in Wrexham, and I was told recently by a senior person there that it was at a cost of £1 million. Was this reimbursement in place then?

[26] **Jocelyn Davies:** I think that the policy at that point was that you were reimbursed by 50 per cent in the event of a ‘no’ vote. I take the view that, if the local authority takes all the advice that we offer and gets a ‘no’ vote, but that it had done everything that it possibly could, we will reimburse 100 per cent. If, however, a local authority perhaps goes for a ballot and then campaigns against it, it will get nil. If they make their best efforts, they get 100 per cent; if they undermine the process, they will not get anything. It is a very expensive process and it is taxpayers’ money, so it should not be done lightly.

[27] **Lesley Griffiths:** What are the budgetary implications of the proposed legislative competence Order on affordable housing, and how are they reflected in the draft budget?

[28] **Jocelyn Davies:** In relation to gaining powers for the Assembly, that process obviously takes up officials’ time, but there is no actual spend, because that would happen when we had a Measure. I might be retired by the time that we would be spending money on a Measure resulting from a legislative competence Order in relation to housing. [*Laughter.*] We are in the process of negotiating a new legislative competence Order with our UK colleagues, and even in the event of that being successful, by the time a Measure—and spend—was in place, it would be outside the remit of the particular budget that we are looking at now.

[29] **Joyce Watson:** Good morning, Deputy Minister, and thank you for your opening statements, which probably answered a lot of our questions. However, is there anything that you want to add in terms of how the Essex review has shaped the current draft housing budget?

[30] **Jocelyn Davies:** We mentioned earlier the money that was being used from the community mutual model in order to support the regulatory function, and that has come directly from Essex and its recommendations on the changes to the inspection regime for housing associations. Until now, that was commissioned out to the Wales Audit Office, but we will now be doing that in-house. I am very pleased that, through the Essex work streams, the housing world in Wales has invested more of its money. Housing associations presented a good case for changes to the regulatory regime that would allow them to be more creative and to spend more money. We have met the challenge as far as that is concerned, and the associations have certainly stepped up to the plate.

[31] **Mark Isherwood:** How does the draft budget interlock with the housing bond and what will it be prioritised for during this budgetary year? At what stage are you at in terms of delivering the bond?

[32] **Jocelyn Davies:** As you will know, Mark, we have commissioned work from a UK expert on bonds, John Shinton. I am meeting him later today actually; I do not know whether we have a workable model yet—we are in the early stages—and we are exploring the practicalities. As you know, the Assembly Government can neither borrow nor lend money, so any investment that we would make in the bond would be for it to get a triple-A credit rating rather than us putting money into a bond that would then be borrowed. I do not think that that would be allowed. Once I have had further meetings with John Shinton and discussions with my Cabinet colleagues, I will be in a better position to talk about this, but we are progressing.

[33] **Mark Isherwood:** Am I correct in thinking that this could be used towards stock transfer, but also to supplement social housing grants in leveraging in private sector finance to

the housing associations?

9.50 a.m.

[34] **Jocelyn Davies:** Almost certainly. In my previous discussions with John Shinton, he said that we currently look at social housing as a kind of burden, whereas we should look upon it as an investment and at the rental stream as an asset. Perhaps Kath could help me out here as this area is new to me. The bond would hold the asset and would then lease back to registered social landlords. This has the potential to change the way that associations and, perhaps, local authorities borrow money. Currently, they borrow money in the traditional way; that is, from banks and building societies. It is as if they hold an individual mortgage on each of the properties. However, this would look at housing in a completely different way and has the potential to raise far more money.

[35] **Janice Gregory:** Kath, do you want to add anything?

[36] **Ms Palmer:** That is quite right. We are trying to make more use of the public funds that we have for the social housing grant and bring in additional private sector funding, as the Deputy Minister said.

[37] **Jocelyn Davies:** In today's financial climate, with borrowing becoming much more expensive, interest rates might be low for individual borrowers, but businesses and housing associations say that they find it more difficult. Those traditional lending institutions do not want to lend over a 30-year period. With the housing bond, a pension fund, for example, might be very happy to put its money into a bond that is low interest and is spread over a long period of time. So, it might be that it will wake up to the reality of the situation in which we will find ourselves in the future. It might make perfect sense if we can get a model that could work for us.

[38] **Alun Cairns:** I would like to pursue a supplementary question on what you said about interest rates being high. Can you expand on that and perhaps quote some figures?

[39] **Jocelyn Davies:** Housing associations have told us that, when refinancing, they are finding it to be more expensive.

[40] **Alun Cairns:** Can you give us the rates? If you cannot do so now, could you provide us with a note?

[41] **Jocelyn Davies:** It is a general point that has been made by housing associations. I have not discussed individual rates. Housing associations have expressed the concern that, when refinancing, it is becoming more expensive. I think that it was Bethan Jenkins who hosted the Bevan Foundation event here on housing, which I attended. There were lenders there who said that they would not longer be looking for that kind of business.

[42] **Alun Cairns:** Can you please provide us with a note on the difference in the rate and on the financial implications of those rates, and provide some examples? If we are going to scrutinise the budget on that basis, then we need to know what the cost will turn out to be.

[43] **Jocelyn Davies:** We do not borrow and we do not lend, but housing associations will have individual arrangements with their own lenders. I am just telling you that that general comment has often been made to me in recent times. I could write to the committee along those lines if you would like me to do so, but I would not be able to reveal to you individual arrangements.

[44] **Janice Gregory:** Alun, you cannot expect the Deputy Minister to come back with that

information.

[45] **Alun Cairns:** May I say what information I am looking for?

[46] **Janice Gregory:** Yes, please, if you will.

[47] **Alun Cairns:** If there is a strategy to increase social dwellings by a certain number and we are depending on housing associations to do that, which then have to go to the market to borrow the funding in order to realise the assets to create the housing, and they cannot do that, there could be a financial implication on the Welsh Assembly Government's budget in order, potentially, to provide support to the housing associations. Is that the case? If it is the case, then there could be financial implications that we need to be aware of.

[48] **Jocelyn Davies:** I am quite happy to say on the record that housing associations have told me that it is becoming more expensive to borrow money in order to fund the work that they do. However, I do not think that I am in a position to give you individual examples of what any association—

[49] **Janice Gregory:** Deputy Minister, you would not be expected by this committee to give that information. I have been told exactly the same thing by housing associations. Bethan hosted the Bevan Foundation event. The information that you are giving us this morning is not in question here. It is just an attempt to try to get some more information. It is up to individual committee members, or me as the Chair, to try to get that information from the housing associations; it is not up to you to provide it.

[50] **Jocelyn Davies:** It would differ from association to association and from lender to lender.

[51] **Janice Gregory:** Absolutely. Could you provide us with a note on the bond in the general terms that you used this morning? That would be most useful for committee members.

[52] **Jocelyn Davies:** Yes.

[53] **Eleanor Burnham:** Could I ask a quick supplementary question on that? Obviously, the bond looks promising and it is an interesting notion. We are living in odd economic times when most people do not agree with each other on what is going on and on what might happen. Bearing in mind that the Iceland bank had an AAA rating, how can you assure us that you are getting the very best financial advice on this radical and promising bond idea?

[54] **Jocelyn Davies:** As I said, John Shinton, who was commissioned by us, is a UK expert on bonds and Government bonds. He has an extensive CV on the development of bonds. If we look at this from the point of view of developing social housing, those houses are always occupied and there is a steady rent coming in. So, it is a pretty safe, low-interest income stream because there is never enough social housing to meet the demand for it—there will always be people waiting for it to become available. You are therefore guaranteed an income stream from it; it seems to be low risk, which is something such as a pension fund would invest in over a long period of time.

[55] **Eleanor Burnham:** Sut y mae **Eleanor Burnham:** How has the datblygiad eich strategaeth dai genedlaethol development of your new national housing newydd wedi dylanwadu ar benderfyniadau strategy influenced spending decisions in the gwario yn y gyllideb ddrafft? draft budget?

[56] **Jocelyn Davies:** The draft housing strategy is about people living independent lives and about increasing the supply and choice of housing, confronting homelessness and

providing quality housing. So, I guess that everything that we currently do, and you can see that in the budget, is aimed towards achieving those ends. Did you want to know something specific?

[57] **Eleanor Burnham:** No, I just wanted a little clarification.

[58] **Jocelyn Davies:** You can see, for example, that we have increased the money going to Care and Repair Cymru, which allows people to live independent lives; there has been a significant increase there. You can see the uplift in the Supporting People budget, which, again, allows people to live independent lives. The major repairs allowance helps us in our pursuit of the Welsh quality housing standard, which improves the quality of properties. We are pursuing our 6,500 target and are looking at better ways of spending our money. We have also had the Essex review. We have an equal partnership with representatives of the housing world in Wales because we are not the ones who deliver these initiatives—they deliver them. We have made changes to our regulatory regime, which housing associations asked for, which has had a big impact on how they work and our budget reflects that.

[59] **Eleanor Burnham:** Are you able to keep up with the demand because the demand is huge and some areas in Wales could probably do with even more housing?

[60] **Jocelyn Davies:** Yes, and certainly in the way that we allocate our social housing grant. In the past, that was allocated through bids, which you could guarantee would deliver, but we are now trying to base it on need, which was a recommendation in the Essex review. We are working towards that and are involving local authorities much more to ensure that spending occurs throughout Wales and that the cheapest option is not pursued in order get the maximum number of houses for your money. However, you might not have the right sort of houses in the right place, so we are trying to achieve that.

[61] **Alun Cairns:** How will the small increase in the Supporting People funding allow the new Supporting People strategy to meet its objectives?

[62] **Jocelyn Davies:** We are in a difficult financial situation and I am pleased that there is a 'One Wales' commitment to increase the funding, which protects our budget. There is an increase in the budget at a time when inflation is very low. I think that that increase will be welcomed. It is a considerable pot of money at £140 million a year. It is being protected and increased by 2 per cent this year.

10.00 a.m.

[63] **Alun Cairns:** Are you confident that the Supporting People strategy can meet its objectives with the money that you have available, or will you have to rationalise and potentially cut back on some of your objectives?

[64] **Jocelyn Davies:** The Supporting People strategy was out for consultation. We are still analysing the responses. Local authorities are remodelling their Supporting People services and so on. It is a massive pot of money and therefore we are hoping that there is a strategic overview of the way in which that money is spent. It is a good pot of money and we are increasing it this year. I would like to be in a position where we could spend much more—everybody would, would they not? One of the things that we hope that we can achieve is to ensure that Supporting People can help the most vulnerable to stay at home. Any spend on Supporting People is value for money because it saves money elsewhere. We are hoping that we will be able to ensure that Supporting People is a corporate priority for local authorities. In my discussions with local authorities, it certainly seems to be the case that more and more are identifying this as a strategic priority.

[65] **Mark Isherwood:** In terms of ongoing discussions, including ours yesterday, about proposals to merge the different grant streams, what action do you propose to take to ensure that local authorities would regard this as a strategic priority so that the service users are the priority?

[66] **Jocelyn Davies:** I am sure that we would all agree with that sentiment, Mark, that it is the service users that must be the priority. In the responses that we have had to the strategy—it will come as no surprise to Members because I know that many of you have written to me on this topic—it is clear that there are two different viewpoints emerging in terms of the different funding streams: local authorities would like us to merge the funding streams into one stream that is channelled through them, rather than us continuing to spend some of the Supporting People money directly by commissioning services ourselves. The providers would like that situation to continue.

[67] You will know that the previous Minister had arranged for officials to visit all the local authorities. They were undertaking preparedness visits to see whether Supporting People was a strategic priority for the authority, so that if handover of that money occurred, it would be definitely spent on the vulnerable people that it was intended to be spent on. Some of the local authorities performed very well, most were adequate, but some were found wanting. We would like to be in a position where that was not the case and all local authorities were performing well. We are certainly not there yet and we need to use our money wisely and do what is best for those who need these services. I have asked for those who are involved in this—the commissioners and the providers—to come together to talk, to see if there is a way forward. I will give the assurance that I will not be in a position to hand this money over to local authorities unless we are confident that the services will continue to be delivered to the people who require them.

[68] **Bethan Jenkins:** Do you have a timeline for that? I know that many service providers are concerned that their speciality in those areas may conflict with the fact that the local authority may want to take those services away from them. I am happy with that explanation that the service providers are put first, but I just wish to note that service providers have great concerns.

[69] **Jocelyn Davies:** I would not put the service providers first; I would put the service users first. That is the most important thing for me and, as you have said, I guess that that would be paramount for all of us. It is a difficult situation and local authorities have said to me, ‘You could attach strings to this money to ensure that it was safeguarded’. That is something that we have to consider.

[70] **Joyce Watson:** Moving on from that, you said—and I am really pleased to hear it—that you had discussions with local authorities about their capacity and commitment to deliver this agenda. I understand that there is massive disparity between the bids that have gone through, and even those that have been applied for. I think that it ranges from the lowest at £16 per person to the highest at £113 per person in the Supporting People grant for housing. That is not a good place to be, if you are the bottom—I am aware of which authority this concerns in my area, and I am taking issue with it. In my opinion, the authority has not taken this agenda seriously, because the failure and the £16 payment, when the average is £47, is as a consequence of it not being signed up to this agenda. I am therefore seeking assurances from you that, in the case of an authority such as the one that I have just described, being where it is, you will not hand this money over to those who are not signed up to the agenda in the first place.

[71] **Jocelyn Davies:** That is a slightly different issue. If we park the issue of handover, which is the money with which we directly commission services, the issue that you now raise with me is that of distribution because, originally, local authorities bid for this money from

the UK Government. Some local authorities, as you say, pursued that Supporting People pot vigorously, while others did not. You will remember that, in 2003, the UK Government said that it was capping this because it had not envisaged such huge demand for it. That was then frozen, so I am afraid that the local authorities that were just getting £16 per head can do nothing now to draw that money down. So, even though that money comes through the Assembly's budget, it is actually linked historically to how it was pursued from the UK Government pot prior to 2003. That is why the previous Minister introduced this other funding stream for commissioning directly, to supplement the funding that had been capped.

[72] So, discussions are ongoing about redistributing the money that is already there, because we cannot draw any more down from the UK Government. We are therefore in the position in which some local authorities get £16 per head while others get over £100. However, that is a historical position, because of how they pursued the pot originally. Even if such a local authority were to make it a corporate priority, it would still only get £16 per head. There are talks about redistribution, but you would then be taking money away from those local authorities that vigorously pursued that pot prior to 2003 to give more money to others. This is not related to the needs in those areas, of course; just how the pot was pursued originally. So, it is slightly different. We have two different but interrelated difficulties with regard to Supporting People.

[73] **Janice Gregory:** Jocelyn, let us go back to the strategic capital investment fund. Your opening remarks were really welcome, and you gave us an overview as to how you were using the SCIF money—I am still waiting for some in my constituency, I have to say, but there you go. I am working on that, however.

[74] Can you just clarify whether the £11 million for 2010-11 is included in the capital allocations in the draft budget? I note in your paper that this is the third year, and that it is £42 million over three years. Clearly, it is doing a good job, and I wondered whether you had made any more bids for any more SCIF funding, if that is a possibility.

[75] **Jocelyn Davies:** Nick, perhaps you can comment on the £11 million.

[76] **Mr Jones:** The SCIF funding is not included, and it does not fall within the departmental expenditure limits, so it is not included in the capital funding.

[77] **Jocelyn Davies:** It does not show up there. Kath, would you like to add to that?

[78] **Ms Palmer:** We have made two further bids in tranche 2 of the SCIF funding. One bid is to do with the housing bond that we talked about earlier, and the second is to fund land sites, intermediate rent product and homebuy. We have two bids going through the SCIF processes now, so we hope to have a good, positive outcome.

10.10 a.m.

[79] **Jocelyn Davies:** In fairness, due to the work that is being done via the Essex work streams, we have excellent relationships with local authorities, housing associations and, in fact, the entire housing world in Wales, if you like. I can assure everyone that whatever SCIF money that I am able to get, I am able to spend it well and quickly. Spending money that you were not expecting quickly is not as easy as it sounds. It is not like going on a shopping spree; you need other people to spend it. The housing associations and local authorities have co-operated with me really well for us to be able to spend this SCIF money. That is why we have been able to get such good value.

[80] **Janice Gregory:** Indeed. They have been very engaged with the whole process, have they not?

[81] **Jocelyn Davies:** Yes.

[82] **Janice Gregory:** It has been an easy process; it has been easy for them to engage with because it is easy to understand, as opposed to some schemes. Do you want to ask a supplementary question, Alun?

[83] **Alun Cairns:** Thank you. Deputy Minister, can you tell us how much SCIF funding you have bid for in the coming financial year?

[84] **Jocelyn Davies:** I am not entirely certain that I am comfortable in telling you how much the bid was. [*Laughter.*]

[85] **Alun Cairns:** That is probably why I am asking.

[86] **Jocelyn Davies:** However, I will tell you that when I had the £42 million last year, it was £42 million that I had asked for. I am not entirely comfortable in saying how much—

[87] **Janice Gregory:** I am sure that you will tell us when the announcement is made.

[88] **Jocelyn Davies:** I will be delighted if I get any.

[89] **Janice Gregory:** We will be patient and wait until then. Thank you. Do you have a supplementary question, Mark?

[90] **Mark Isherwood:** Yes. Do you have any indication yet of the geographical distribution of the use of SCIF funding? I ask about this because I have briefed groups of councillors who knew nothing about it because they had not been told about it. This has been in the areas where there has been very poor take-up and strong campaigns against any proposal that has emerged on the basis of misinformation about local residency rules and so forth.

[91] **Jocelyn Davies:** We were making the bid and allocating the money, but we gathered together with the Welsh Local Government Association, and CHC representatives, and we spent a couple of hours working out a system by which we could distribute the money. This money was originally intended to buy those empty properties that had been built for the open market but could not be sold, so we wanted to make sure that we got a nice even spread across Wales and that money was spent in every single local authority area. So, we made a notional allocation for each local authority area so that the local authority knew how much it could expect the associations to spend in that area. We asked the associations to make a list of what they had been offered by private developers in terms of completed units, partially completed units or land, and then we asked the local authorities to prioritise them. So, we only funded those that the local authorities said were a strategic priority. That meant that we had an equal partnership. Say, for example, that a local authority said that something was not a priority or that there was nothing available that they considered a priority, the spend was usually reallocated to another local authority close by, but, this year or next year, the notional sum that was originally allocated should be spent. Therefore, over the three years, we know that each local authority will be offered the equivalent of the notional spends. The formula that we agreed on—and it was agreed by everyone—was based on the number of dwellings, as a percentage of the Wales figure, that exist in local authority areas. That just seemed to work. Everyone agreed that that seemed to be the most sensible way to do it at the time.

[92] This year, we are being a little more flexible and saying that it does not have to be completed units because we may very well have brought everything that was up to the standard that we would accept into the social rented sector. We now say that you could

include empty properties if that is your strategic priority on homebuy, perhaps. It is up to the local authority to say what a strategic priority is and work with the housing associations in its area to ensure that that is what the money is spent on.

[93] **Eleanor Burnham:** There have been some areas where the newspapers have whipped up a sort of *Daily Mail* say-no-to-anything syndrome, and it has included this. What are you doing to ensure that the general populus understands, whether some of them like it or not, that this is the most productive way to pursue housing situations and address housing needs?

[94] **Jocelyn Davies:** I think that it is incumbent on us all not to jump on the bandwagon that is whipped up by people who just do not want something because it is close to them.

[95] **Eleanor Burnham:** The newspapers are very clever at this. That is what bothers me when you get such good schemes.

[96] **Jocelyn Davies:** Yes, but the newspapers do not make the decision and we just have to sometimes say, 'Sorry, but I disagree with you'.

[97] **Bethan Jenkins:** We now have the 10-year homelessness plan. How do you see the housing budget making that work? We have the budget for the next few years in front of us, but there might be cuts in the budget from Westminster to the National Assembly. How do you see the 10-year process following through if those cuts become a reality?

[98] **Jocelyn Davies:** We are not the mainstream funders for tackling homelessness. We tend to provide specific grants to tackle homelessness and, over recent years, those grants have been directed towards spending to save money in the future. So, that has been about intervening. Our homelessness plan is about early intervention, mediation and preventing homelessness rather than dealing with homelessness if it happens. There is £1 million extra in the budget that you have before you, but that is for just one year. We will use those funds to raise awareness around accessing services that are already there in order to help people avoid homelessness. Local authorities are getting much better at intervening at an early stage. If you spend a little of the money now, it could save you having to pay bed-and-breakfast bills. I am pleased that most local authorities seem to be engaged now with our mortgage rescue scheme. We require anybody who wants to enter the mortgage rescue scheme to have a letter from their lender to say that all avenues have been pursued and have proved fruitless. The local authority also has to support the application in as much as it would have a duty to that person and would have to house them, and it does not have anywhere to put them.

[99] **Bethan Jenkins:** You say that this is preventative. I have spoken to organisations such as Llamau in my area, which says that the preventative agenda would cost more at this stage but that it would be much more successful in stopping people from going back into the homelessness cycle. However, you say that the preventative agenda would not be costly for the Government, as it stands in the plan.

[100] **Jocelyn Davies:** The work that has been done in previous years on having homelessness officers has reduced bed-and-breakfast bills enormously. You can spend by giving a salary to an individual and then you reduce the bed-and-breakfast bill, which was on the verge of bankrupting some local authorities. The use of bed-and-breakfast accommodation has been vast, so the saving for the local authority has been enormous. Grants were given in order to encourage the employment of homelessness officers, but even though that was time-limited, local authorities have seen the good sense in funding it in order to save themselves huge sums later on. Spending on projects that prevent homelessness certainly means that you are spending your money well, and you save a lot of money later on.

[101] **David Lloyd:** On the mortgage rescue scheme, why has no specific provision been

made for the mortgage rescue scheme in the draft budget?

[102] **Jocelyn Davies:** It is done in the social housing grant, because this grant is delivered to housing associations. Like homebuy, it does not have a separate line; it is all in the social housing grant.

[103] **Janice Gregory:** You mentioned that, in previous years, no spend has been realised in respect of funds allocated for not-for-profit nursing homes. How are those funds likely to be spent in 2010-11?

[104] **Jocelyn Davies:** As the committee expressed last year, it was very pleased to see that money was allocated to this. As I explained earlier, it looked as though there would be a breach in state aid rules if there were restrictions on the people who could bid for it. That was not really what we set out to do. So, we are going for a different model now, and officials from health, social care and housing are looking at different options for this. A resource centre model would offer a broad range of local services and facilities that would also encompass nursing. So, you would have extra care in nursing homes and perhaps some health facilities. This could be particularly relevant to rural communities—say, for example, a large, extra-care scheme is not really what they want and they want something more flexible, but this requires partnerships with local authorities, local health boards, and the health bodies perhaps, so that more partners are involved. Therefore, it makes it more complex.

10.20 a.m.

[105] Inevitably, the spend is slow, particularly as we were not able to spend the money last year. We imagine that, next year, we would be in the position, perhaps, of acquiring land. Therefore, it would be land acquisition rather than going on to building next year; we have £5 million next year. When the Minister for Finance and Public Delivery is looking for savings, we had a budget that we were not able to spend. Although it was a 'One Wales' commitment, we feel that this model is more flexible and might be more appropriate in certain circumstances.

[106] **Eleanor Burnham:** In view of the changes in local health provision, with the new boards—and I am thinking in particular of the one in north Wales, which is absolutely huge; I think that it covers about three times more, geographically and population wise, than many of the others—are you happy that you will be able to develop these schemes within the new structures?

[107] **Jocelyn Davies:** If I had any difficulty with the new structures, I think that the Minister for Health and Social Services would be the person that I would speak to. She is very keen on pursuing this, and I would imagine that any barriers that anyone could possibly put up would soon slip away.

[108] **Janice Gregory:** I am not allowing any supplementary questions now because the Minister for Social Justice and Local Government is waiting outside, and we should have finished this item by now. Mark, you are next.

[109] **Mark Isherwood:** You referred earlier to progress against your target, which was 6,500 units. What impact do you feel the reduction in social housing grant will have on the completion of that target? We see a £40 million reduction, and a £28 million brought-forward figure, but was it not £40 million to be brought forward?

[110] **Jocelyn Davies:** It is £40 million.

[111] **Mark Isherwood:** Only £28 million is shown in the draft budget that has been

circulated to us.

[112] **Ms Palmer:** It was split over two years. That is the reason why. There was £28 million this year, and £12 million last year.

[113] **Mark Isherwood:** Therefore, both are brought forward.

[114] **Ms Palmer:** Yes.

[115] **Mark Isherwood:** Of the £42.3 million, £6 million is left unallocated, but that may have all gone now, so you should know how many units will be delivered at a time when some local authorities are reducing their affordable housing delivery figures.

[116] **Jocelyn Davies:** The counting is based on the completions. I do not know when these properties will be completed, therefore they might not be included in the figure. I can tell you that the figures have been independently verified from returns from housing associations. We are halfway through the Assembly term and we have met the figure thus far. I have not found a way of spending money twice; we brought the money forward so that the construction industry would feel the benefit of it at a time when it was at its lowest. So, it was brought forward in order to stimulate activity in the construction sector. It has been warmly welcomed across Wales. We have not lost the money but, in bringing it forward, of course, we cannot spend it twice. I have warned everyone of this: if we bring it forward, it is spent in this year rather than next year.

[117] **Eleanor Burnham:** Yr ydym wedi sylwi bod y llinell wariant yn y gyllideb ar gyfer tai pobl dduon a lleiafrifoedd ethnig wedi'i dorri yn 2010-11—
Eleanor Burnham: We have noticed that the budget expenditure line for black minority ethnic housing has been cut in 2010-11—

[118] **Ms Palmer:** I think that it is a £6,000 cut, which will not have a major impact on the budget.

[119] **Jocelyn Davies:** I would like to give the committee assurances that this will not impact significantly on this work. It is a small cut.

[120] **Janice Gregory:** Thank you. I now call on Lesley.

[121] **Lesley Griffiths:** In your paper, you refer to first-time buyers. Obviously, there has been £0.5 million per annum for the whole term therefore it is protected in this budget. Are you able to tell us whether this money is exhausted every year, and would you want to see more money, or do you think that that is sufficient?

[122] **Jocelyn Davies:** If you live in a local authority renewal area—and most local authorities do have renewal areas—and you are a first-time buyer living in one of the local authorities that had above-average affordability, you could apply for this grant, which allows you to make energy-efficiency improvements to the property, such as installing a new boiler. It has been successful, but we have allowed local authorities to carry money over for the next year. What we decided to do this year was to extend that to all local authorities with renewal areas, because as there have not been many people moving, due to the situation of the housing market, you will not have new first-time buyers within the renewal areas. I think that it applied to nine local authorities in the first year, so we have extended that to all local authorities with renewal areas.

[123] One reason why we did it through the renewal areas was that we already had the mechanism to pay the grant, and we did not have to start a new scheme. So, it was very

simple. Renewal areas are declared by local authorities themselves and tend to last for 10 years or more, so, because these are housing-led renewal schemes for whole areas, they seemed a good place to pilot this scheme, particularly as there is a constant focus by local authorities on the areas, and we can see how successful it has been. I visited many first-time buyers who have benefited from the grant, and they said, 'We're spending all of our money on the mortgage, so we couldn't have afforded a new boiler unless we had had this grant.' So, it has been quite successful, but we will consider the outcome of the pilot scheme at the end of the three years. Almost every local authority has a renewal area; there may be one or two that do not—I do not think that Monmouthshire has one, and we are waiting for Flintshire to say where its renewal area will be. So, we are getting a pretty good coverage.

[124] **Janice Gregory:** Thank you, Deputy Minister, and your officials for your attendance this morning. As always, you will be sent a transcript to check factual accuracy.

[125] **Jocelyn Davies:** I will send you the note on interest rates.

[126] **Janice Gregory:** That would be great, thank you.

[127] In view of the time, I would say to Members that unless you have a burning desire to ask a supplementary question, we need to be more disciplined.

[128] **David Lloyd:** Focused.

[129] **Janice Gregory:** Yes, I like that word, Dai; we need to be focused.

[130] I welcome Brian Gibbons, the Minister for Social Justice and Local Government to the table. Good morning, Minister. I am sorry that we kept you waiting; I hope that you had a nice cup of tea while you were waiting.

[131] **The Minister for Social Justice and Local Government (Brian Gibbons):** I had a cup of coffee, actually, Chair.

[132] **Janice Gregory:** That is a good idea first thing in the morning.

[133] Brian, thank you for taking the time to come to committee to be scrutinised on the draft budget for 2010-11. As always, we have a number of questions. I know that you have just come from the Health, Wellbeing and Local Government Committee, so, no doubt, you are raring to go.

[134] Thank you for your paper, Brian. Do you want to make any introductory remarks?

[135] **Brian Gibbons:** I am happy enough to go straight to the questions.

[136] **Janice Gregory:** Will you introduce your officials for the record?

[137] **Brian Gibbons:** To my left are Owain Lloyd, who is the head of finance, governance and business planning in the Public Services and Local Government Delivery Directorate, and Caroline Turner, who is the head of the Communities Directorate and who is in charge of the overall shooting match.

[138] **Janice Gregory:** Thank you, Minister. Lesley has the first question.

[139] **Lesley Griffiths:** Given the current economic climate, and the competing pressures on your budget, what factors have influenced your decision to allocate additional funding in some areas of your portfolio and reduce it in others?

[140] **Brian Gibbons:** We were very conscious of the importance of maintaining front-line services, and our evidence base or approach was influenced by our research on the economic impacts of the recession. We did a second piece of work on the impacts of the recession on children, which was presented to the sixth all-Wales economic summit in Merthyr. So, we had done a certain amount of work to inform ourselves as to the crucial areas that people would be vulnerable to in the light of the recession. So, we recognised the importance of those areas, which include, for example, domestic abuse, and drugs and alcohol.

10.30 a.m.

[141] We also recognised that local authorities would be in the front line of protecting communities in this time of recession, and we felt that they needed a budget that would allow them to not only have some prospect of meeting statutory requirements, but to adopt a harsh regime towards third sector organisations that perform an important role in giving advice and so on.

[142] **Eleanor Burnham:** A allwch chi **Eleanor Burnham:** Can you outline the amlinellu'r rhesymau dros yr arbedion reasons behind the planned efficiency savings effeithlonrwydd arfaethedig ym maes made within the social justice spending rhaglenni gwariant cyfiawnder cymdeithasol? programme area?

[143] **Brian Gibbons:** The methodology was the same for us as for everyone else, namely that everyone had to accept the 1.6 per cent efficiency saving. Having made that 1.6 per cent efficiency saving, we then had to argue the case as to where we felt that extra resource was needed. That was essentially our approach. We were able to persuade the Minister for finance that, while we lost 1.6 per cent at the beginning, we needed an extra £34 million or so, which has gone into the revenue support grant, along with the extra money for domestic abuse and substance misuse.

[144] **Eleanor Burnham:** Can you remind us why it is 1.6 per cent and what happens with those savings, if we are allowed to ask that?

[145] **Brian Gibbons:** It essentially mirrors the efficiency saving that the Treasury expected. There was a small additional reduction as a consequential because of the inability of the health service in England to spend capital or something like that, but the 1.6 per cent saving comes as a result of the Chancellor's efficiency requirements.

[146] **Eleanor Burnham:** So, does it go back to the Treasury?

[147] **Brian Gibbons:** It was never there in the first place.

[148] **Alun Cairns:** How has the social justice budget been affected by the spending review evaluation and which front-line services may be cut as a result of the interaction between the spending review evaluation exercise and the social justice budget?

[149] **Brian Gibbons:** That SpREE was carried out about five years ago, so it was the base against which progress was measured five years ago, but it has not featured significantly. We had a zero-based review of our funding in the last two years, which has moved things on from the SpREE. Owain might be able to provide further information.

[150] **Mr Lloyd:** As the Minister said, SpREE was quite a long time ago—before both my time and his. In addition, the portfolios were completely different. At that time—as the Chair will remember—I think that it was social justice and regeneration, so the local government element was elsewhere. As part of this year's budget process, we have had a root-and-branch

zero review across all our programmes and policies, which we have been able to feed into how we achieve the 1.6 per cent efficiency saving. The issue with this MEG is that 97 per cent of the money goes to local government, either through the RSG or other pots, so we are left with about £130 million to £140 million of revenue, which is left for substance misuse and community purposes, for example. So, it is a strange MEG in terms of how it is made up, but, as I said, the Minister and officials have held a root-and-branch review of all our programmes and policies in terms of going forward.

[151] **Alun Cairns:** May I clarify a point, Chair? I am talking about the statement that the First Minister made on Radio Wales on 22 September. He was talking about failing schemes facing the axe and a spending review that he was conducting as a result. I am not talking about the spending review and evaluation exercise that took place some years ago; I want to know about the review that the First Minister is conducting, and whether it is cutting across the social justice budget. If so, what are the implications of that?

[152] **Brian Gibbons:** As Owain said, we started from zero-based assumptions, and we had to accept the 1.6 per cent efficiency saving. Had we not been able to make a case for additional funding, our settlement would have been 1.6 per cent less. The indicative sums that were published last year would have been totally irrelevant. It has been an extremely painful exercise, and difficult choices have had to be made. It is not a pleasant exercise, I have to say.

[153] **Mark Isherwood:** Referring to the social justice spending plans, we see reductions in a number of areas, along with flatlines, sub-inflation increases and transfers from one area to another, such as the reduction in social enterprise funding to the third sector. What actions are you taking to ensure that cuts, in actual or real terms, do not impact adversely on the outcomes for the groups being supported?

[154] **Brian Gibbons:** As I said to Leslie, in all these decisions, we have kept the impact on service users at the front of our minds. Where choices had to be made, the bias was always towards the front end of the service, and the interface with the service user. In some areas—for example, substance misuse, and domestic abuse—the situation has improved. In other areas, such as the funding of the support network for Communities First, even though there has been a reduction in the funding, the support structure is now more resilient and effective than previously, so we have saved money and improved the service. It might be useful to discuss particular areas rather than generalising, because, depending on the area that you want to address, there might be specific messages rather than general ones.

[155] **Mark Isherwood:** My third question was about developing those specific messages, so you have just covered that.

[156] **Janice Gregory:** Brian, have you made any applications to the strategic capital investment fund? If so, what do you envisage using the money for?

[157] **Brian Gibbons:** Not per se, as the Minister for social justice. However, most Ministers, although not all, also have regional responsibilities, and my region is north-east Wales. With my regional Minister's hat on, I know that a significant number of applications have come from the north east. I was in the region about four months ago, and we had a meeting at which the bids were discussed in light of the priorities. However, within my portfolio, it is more a case of ensuring that our key stakeholders such as local government or any of our providers are aware of it. We do not provide many services directly at all.

[158] **Bethan Jenkins:** Will any of the 'One Wales' commitments relating to social justice not be met as a result of the reduction in allocation for 2010-11?

[159] **Brian Gibbons:** No, not because of that. There are a few 'One Wales' requirements

that are still on an amber light, such as the advice services, but the reason is not a lack of money; it is because we wanted to put an advice service in place that maintained the resilience of the third sector here in Wales. We wanted to do that rather than go down a completely open tendering exercise. So, no, I do not think that any of them are at risk at the minute.

10.40 a.m.

[160] **David Lloyd:** What will be the impact of reduced funding on the Communities First initiative?

[161] **Brian Gibbons:** I do not think that there will be any substantial difference. Almost paradoxically, we have a much better advice structure in place now and it is costing us less money, so we are quids in there. I do not think that there has been any problem there at all.

[162] **Alun Cairns:** What will be the impact of reduced funding to the voluntary sector in Wales? Is that not a retrograde step? In the voluntary sector, we generally get better value than some statutory organisations.

[163] **Brian Gibbons:** I would not generalise to that extent. Clearly, some voluntary sector organisations give excellent value for money and some are problematic in their delivery. However, we had to make efficiency savings in that area, and we were conscious of ensuring that front-line services were not adversely affected. So, we have been able to protect the community voluntary councils at a local level in local authority areas, the volunteer centres and so forth. However, we have made efficiencies, such as in the media campaign that we were running to promote the voluntary sector: Give a Little, Gain a Lot. We also gained some efficiencies through the workforce development programme. We have four main volunteering schemes in Wales. An independent review was conducted by Old Bell 3 and, overall, that review was very positive about the outcomes of those strands, but it pointed out that the rationale for having four strands was difficult to understand, so we will probably rationalise them and that will deliver some efficiencies as well. I do not think that there will be any perceptible difference in front-line delivery, however.

[164] **Alun Cairns:** I want to press you on one of the examples that you gave, Give a Little, Gain a Lot. You said that you had made some efficiencies through that. Can I tease out exactly what you mean by that? Are you saying that you have cut the advertising budget?

[165] **Brian Gibbons:** Yes, basically.

[166] **Alun Cairns:** So, 'efficiency' is a bit of a generous word; you have just cut the advertising budget. We are not getting the same outcome for less money.

[167] **Brian Gibbons:** No. In the main, we have had to curtail the extent of the advertising campaign.

[168] **Alun Cairns:** Okay. I just wanted to clarify that. You also said that you had made efficiencies in relation to training. To jump from one to the other, if you cut advertising and you called that an efficiency, you must be cutting training as well. Is that fair?

[169] **Brian Gibbons:** We are cutting training, but we did so in the knowledge that the Wales Council for Voluntary Action and community voluntary councils are providing training, so we are not going from a situation in which there is no training provision.

[170] **Alun Cairns:** That is helpful. Thank you.

[171] **Janice Gregory:** It is delivered in a different way.

[172] **Eleanor Burnham:** Mae gennyf gwestiwn am wariant ar dlodi plant. Nid yw'r arian a ddyrennir ar gyfer rhaglenni gwariant ar dlodi plant yn debygol o arwain at gynnydd gwirioneddol o ystyried cyfraddau chwyddiant presennol. Felly, pa effaith a gaiff hynny ar uchelgais Llywodraeth Cymru i leihau tlodi plant yng Nghymru?

Eleanor Burnham: I have a question about spending on child poverty. The money allocated to spending programmes on child poverty is unlikely to equate to a real increase, given current inflation rates. So, what impact will this have on the Welsh Government's ambitions to reduce child poverty in Wales?

[173] **Brian Gibbons:** The main spending area will be child trust funds, and that has been maintained intact. We are still in the process of topping and tailing that programme, and we hope to launch it in the not too distant future. Otherwise, there is no substantial risk to delivery against our priorities.

[174] **Eleanor Burnham:** Bearing in mind that child poverty has worsened, are you not obliged to ensure that your spending on all the schemes that you have in mind is more robust?

[175] **Brian Gibbons:** For example, the roll-out of credit unions to secondary schools is continuing. The benefit uptake programme for disabled children is continuing. The proposed Measure is going through the Assembly, and we have established a housing debt advice service for families at risk of losing their homes. So, there is a whole range of elements, including the council tax benefit uptake programme.

[176] **Eleanor Burnham:** However, the Citizens Advice debt management plan service is in a dire situation—

[177] **Brian Gibbons:** Yes, and that is why—

[178] **Eleanor Burnham:** Why can you not—

[179] **Janice Gregory:** Let the Minister finish, Eleanor.

[180] **Brian Gibbons:** That is why the disabled children benefit uptake scheme is being run through Citizens Advice, not just because it is the Citizens Advice but because it has an established track record on delivering the Better Advice: Better Health scheme. We have also been able to protect the Better Advice: Better Health funding level. Although there are not particular elements in this, a significant number of programmes across the Assembly Government portfolio is targeted specifically at tackling child poverty.

[181] **Mark Isherwood:** Looking at the substance misuse action plan, how will the increase of £5.9 million indicated here be used to deliver Welsh Government priorities?

[182] **Brian Gibbons:** There are two elements to that. One is a revenue element, some of which, to touch slightly on Eleanor's last question, is for picking up any increased demand for alcohol and substance misuse services arising from the recession. However, in strategic terms, we want that money to be spent on children and young people to increase the resilience of the services for children and young people. We know that the people taking the biggest hit in unemployment terms are young people, and consequently they may fall prey to drug and alcohol problems. So, we are putting extra money into preventing that. We are giving a greater priority to counselling services because the evidence shows that, even if people go on to substitution therapy, without the wraparound counselling and support services, it is difficult to make progress. The provision of counselling services is also a big priority, therefore. There is some extra capital that we want to spend to provide new premises for those services that

tackle substance misuse.

[183] We know from the Healthcare Inspectorate Wales review that the building stock from which services are delivered is improving. However, there are some premises that are really not fit for purpose, so it is hoped that this resource will address that problem as well.

[184] **Mark Isherwood:** Your ‘One Wales’ refers to heroin-prescribing harm-reduction pilot schemes. Will that money be used for those? Your substance misuse strategy refers to tier 4 provision and, initially, a review of provision with three prospective providers, but also delivery. Will any of this be focused on delivery?

[185] **Brian Gibbons:** Some of the money for tier 4 services has already gone in. I think that we made some available this year on the back of the report published in December 2008. The heroin-prescribing services, to refer back to Bethan’s question, is probably another of the ‘One Wales’ commitments that is on an amber light, because the evidence for it has only begun to be published. It is not being published in definitive form, but in conference reports. We are referring that evidence to the National Public Health Service for Wales and then to the Advisory Panel on Substance Misuse. They will evaluate the evidence, and we will make a final decision based on their evaluation, in light of clinical effectiveness and cost-effectiveness. So, we are not at the stage of putting money behind the outcomes of the research to date.

10.50 a.m.

[186] **Joyce Watson:** Good morning, Brian. I welcome the extra £1 million for the wider agenda of tackling violence against women. Can you tell me exactly what priorities will be funded by that extra £1 million?

[187] **Brian Gibbons:** Our domestic abuse strategy needs to be underpinned by wider work on tackling violence against women. We have been persuaded by that argument, in principle. We are now looking at the returns from the consultation exercise. We have not completed the evaluation of those responses. That will probably take another six or eight weeks, although it may not take as long as that. Hopefully, that consultation will give us a steer with regard to identifying those priorities. We did not want to set out our priorities in advance of evaluating the outcome of the consultation. There has been a lot of substantial and good-quality submissions to that consultation. So, we have a lot to work our way through. Whatever the outcome of the evaluation of the consultation, it will identify the way in which we want some of this money to be spent.

[188] **Janice Gregory:** Brian, what do you think the impact will be of the reduction in some of the fire service actions? There are some notable reductions there. Can you explain to the committee the rationale behind that and outline the impact you feel that will have?

[189] **Brian Gibbons:** The big drivers of many of these expenditure lines have been the Fire Link digital radio communication system. There has been slow progress on that. I do not think that we expect to be much further down the road in terms of developing Fire Link. Because of the slow progress, the spending profile has changed fairly significantly, so both the revenue and capital figures that you see in relation to the fire service are a consequence of the re-profiling that has followed the way in which Fire Link is being rolled out at the moment. However, in terms of front-line fire services—fire brigades and so on—there is no change. This is money that would have gone only to Fire Link. We have written to the fire authorities to assure them that we are committed to picking up the revenue costs for bringing in Fire Link, so it will not cost them anything extra for the overall programme. We do not require that level of money.

[190] **Janice Gregory:** That is reassuring.

[191] **Bethan Jenkins:** The moneys allocated to the advancing equalities fund and the Gypsy/Traveller new sites and refurbishment grants seem to be unchanged from 2009-10. How do you intend to manage the impact of what amounts to a decrease in funding in real terms for these grant schemes?

[192] **Brian Gibbons:** This goes back to, I think, Alun Cairns's statement about the performance of third sector organisations. These grants are important to promote inclusion in Wales. However, there is also room for an improvement in performance against those grants. So, even though those grants are flatlined, and have not been subject to the 1.6 per cent reduction, if some of the organisations that will be bidding for those grants get their houses in order, then, from the service users' point of view, I do not think that there will be any deterioration in service. If anything, the services need to improve, because both of these grants have been subject to review in the last 12 to 18 months and the present shape of the grants and the new bidding process has been intended to make them much sharper and deliver better value for service users.

[193] **Bethan Jenkins:** You said that the grants have been reviewed; what about the organisations that bid for the grants? Has that process been reviewed? You said that there have been some problems with some of those regulations?

[194] **Brian Gibbons:** That is right. The bidding round opened in mid September for grant funding for next April, so we are beginning to get organisations involved. The funding was due to finish last year, actually, but because we were not totally satisfied that we were getting good value for money, even before the recession, the review was undertaken. We rolled the money over for another 12 months, and now, the bidding is starting for this reviewed fund, and it is hoped that organisations will have their allocation for April of next year.

[195] **Bethan Jenkins:** Will that be a condition in future budgets? If you see that certain organisations are not up to scratch in their performance, will you place those financial obligations on them until you allocate money? Will that be a matter of course in future, especially with the prospect of cuts from the Westminster budget?

[196] **Brian Gibbons:** Previously, when the financial climate was more benign than it is now, we saw a fair expansion and proliferation of third sector projects in this area of work. That has meant new schemes coming on stream and people innovating and so forth. It is now time to take stock of where we have got to, and to consolidate the lessons learned. One of our messages to organisations is for them to look at their programmes to check for duplication, whether two or three organisations are working in a similar area of activity, and to ask whether it would make sense for those organisations to work better together or even to merge in some instance, which would save on back-office costs and release more money to the front line and their client groups. So, we are having these conversations with third sector organisations at the moment, as we roll out this bidding process.

[197] **Joyce Watson:** For clarity, could you explain your decision to expand the remit of the inclusion grant to include migrants, Gypsies and Travellers, as well as refugees and asylum seekers, seeing as that budget has seen a reduction of 23 per cent, and now stands at £1 million?

[198] **Brian Gibbons:** This has come up before, and I am not sure that we accept that it has been reduced—

[199] **Mr Lloyd:** It has been transferred out.

[200] **Brian Gibbons:** Yes; some of the money is just going to community cohesion rather than being lost from the system.

[201] This grant came in some time around 2002 to 2004. If you remember, that was a time when asylum seekers were being dispersed around the United Kingdom. This was the time of the EU accession, and more migrant workers were coming to the United Kingdom, and to Wales. Also, in policy terms, there was greater awareness of the need to do something for Gypsies and Travellers, which was very much a neglected group. The name of the grant, 'inclusion', sums up the purpose of it, in that these people, who generally would not have been picked up in mainstream provision, should now be picked up through this grant mechanism. That is the rationale behind moving it beyond narrow provision for asylum seekers and refugees, thereby reflecting some change in political perspective and, equally, the economic changes that followed EU accession.

[202] **Alun Cairns:** Minister, I have been looking at the overall budget, and there is no change in the allocation for the business rate relief scheme. Bearing in mind that a revaluation is under way, and given the First Minister's response in the Chamber yesterday that you will look at rate relief schemes, there is no additional funding for it in this year or next. Does that mean that the 40 per cent increase is the sum that businesses can expect to come out from that, or will you just spread the rate relief scheme much thinner so that everyone loses out?

11.00 a.m.

[203] **Brian Gibbons:** We will need to look at the configuration of the rate relief scheme once we get the feed through from the revaluation. Do not forget that the revaluation will be paralleled by a reduction in the multiplier, so that if the valuation of properties goes up, there will be a comparable reduction in the multiplier. Therefore, the overall take will be largely in line with the current take. Equally, as you probably know, the multiplier is determined by the retail price index in September and the RPI was in negative figures in September; that will have a downward pressure on the multiplier. Some businesses may be uniquely placed in the economic cycle or the property may have increased in value and the revaluation will capture that. However, in general, the multiplier will go down if the valuation goes up and it will be essentially a sum zero gain, minus the consequences of the RPI.

[204] **Alun Cairns:** According to the budget, there is no additional support, so there will not be additional support.

[205] **Brian Gibbons:** No, there will not. On your other question, on whether we will need to look at the shape of the current business support following the revaluation exercise, the answer to that is 'yes'.

[206] **Alun Cairns:** Is that as long as it does not cost any more money?

[207] **Brian Gibbons:** Yes, exactly.

[208] **Janice Gregory:** Thank you, Minister, for your attendance at committee this morning and for answering Members' questions. Thank you to your officials also. You will be sent a transcript, as always, of the proceedings. Please get back to us if there are any discrepancies in it.

[209] We are going to move on now to the questions to the Minister for Heritage. While we are waiting for Alun Ffred to come in, I will just tell you that questions 11 to 19 have now been allocated. I will send a note around so that you know which ones have been allocated to whom. You may find that the topics have been covered previously and, therefore, if you do not want to ask the question, just indicate to me that you feel that it has been covered. The

reason that they were not allocated was that it was felt that you might want to pursue specific areas yourselves. In future, all questions will be allocated and if you want to change your allocated questions, please let me know before the meeting.

[210] **Eleanor Burnham:** May I ask for a point of clarification? In question 2, is it £670,000?

[211] **Janice Gregory:** Yes, that is what it says.

[212] **Eleanor Burnham:** Thank you.

[213] **Janice Gregory:** Why? What does it say on yours?

[214] **Eleanor Burnham:** I just wanted to clarify it.

[215] **Janice Gregory:** Okay.

[216] Good morning, Minister, and welcome to the Communities and Culture Committee. Welcome also to your officials. Thank you for taking the time to come to committee this morning to be scrutinised on your budget. Also, thank you for providing us with a note beforehand. Thank you for that—that has been most useful. Minister, if you wanted to make some introductory remarks, that would be fine or, if you would prefer, we could go straight into questions; it is entirely up to you.

[217] **The Minister for Heritage (Alun Ffred Jones):** I will not waste your time with introductory remarks. This is John Howells, the director of culture, and this is Huw Davies, who is responsible for budgets.

[218] **Janice Gregory:** Thank you and good morning to you all. We will go straight into the questions. The first one is from Lesley Griffiths.

[219] **Lesley Griffiths:** Good morning, Minister. Looking at the spending plan areas, there are relatively large increases in the funding for the arts and the Welsh language and a decrease in the SPA relating to the historic environment. Could you explain why this is please?

[220] **Alun Ffred Jones:** In terms of the arts, it is to provide additional funding for revenue-funded arts organisations, targeted at those that offer the prospect of delivering the widest social impact in support of individuals and communities suffering the effect of the economic recession. The Welsh Books Council will fund a programme that is targeted at improving the competitiveness of publishers by means of enhanced editorial support. That comes after the last injection of money into the Welsh Books Council, which resulted in a successful programme of publishing that has improved the quality of the product in a very real way and has expanded the readership. We thought that its bid was worth while at this time.

[221] With regard to Cadw, it has been described to me as a technical change. Cadw received additional funding for essential maintenance work to Chirk Castle. This work has now been completed and, therefore, that money has been taken away. That is the reason for the apparent drop. It is also worth mentioning—although I will return to this, no doubt, in the future—that Cadw receives other substantial funds. These are mainly European convergence funds. That programme will involve a lot of work for Cadw to ensure that the money is spent, that it is spent correctly and that its impact is maximised.

[222] **Eleanor Burnham:** Yr ydych yn sôn **Eleanor Burnham:** You talk about setting am neilltuo £670,000 ar gyfer costau aside £670,000 for the cost of restructuring

ailstrwythuro cyrff a noddir gan Lywodraeth y Cynulliad. A fedwch esbonio sut yr ydych yn bwriadu buddsoddi'r arian?

Assembly Government sponsored bodies. Can you explain how you intend to invest that money?

[223] **Alun Ffred Jones:** Mae'r arian hwn wedi cael ei neilltuo i'r cyrff allanol hyn oherwydd ein bod yn sylweddoli eu bod dan bwysau, ac mae'n debygol y bydd y sefyllfa'n gwaethygu yn y dyfodol. Mae'r arian hwn wedi cael ei dargedu er mwyn iddynt edrych yn fanwl ar eu strwythurau mewnol a pharatoi ar gyfer hynny i'r dyfodol. Yr ydym mewn trafodaethau gyda'r cyrff hyn a disgwyliwn weld eu cynlluniau. Maent mewn sefyllfaoedd gwahanol; mae rhai wedi cael eu hailstrwythuro dros y flwyddyn ddiwethaf ac mae eraill yn y broses o wneud hynny. Mae'r arian ychwanegol wedi ei dargedu'n benodol er mwyn iddynt baratoi cynlluniau ar gyfer y dyfodol.

Alun Ffred Jones: That money has been set aside for these external bodies because we realise that they are under pressure, and it appears that the situation will worsen in the future. That money has been targeted in order to allow them to look closely at their internal structures and to prepare them for the future. We are in discussions with these bodies and we expect to see their plans. They are all in different situations; some have already been restructured in the past year and others are in the process of doing so. The additional money has been targeted specifically to allow them to prepare plans for the future.

[224] **Eleanor Burnham:** A yw hyn yn golygu ei fod yn wariant mewnol ac na fydd yn cael ei ddefnyddio i ddarparu gwasanaeth i'r cyhoedd neu gwsmeriaid?

Eleanor Burnham: Does this mean that it is internal expenditure and that it will not be used to provide services to the public or to customers?

[225] **Alun Ffred Jones:** Mae gwariant y cyrff hyn i gyd yn cael ei ddefnyddio i ddarparu gwasanaethau o wahanol fathau. Felly, mae hwn yn rhan o'r gwariant cyffredinol hwnnw.

Alun Ffred Jones: The money spent by all of these bodies is used to provide different kinds of services. Therefore, this is part of that general expenditure.

[226] **Eleanor Burnham:** Dywedasoch mai gwariant ailstrwythuro ydyw; a fedwch fanylu? A ydych yn sôn am edrych ar ôl pensiynau'r gweithwyr? A yw hynny wedi cael ei wneud? Os cofiaf yn iawn, yr oedd problemau ynglŷn â hyn pan sefydlwyd y cyrff hyn.

Eleanor Burnham: You said that it is money for restructuring; can you expand on that? Are you talking about securing the pensions of the workers? Has that been done? If I remember correctly, there were problems in relation to that when these bodies were established.

[227] **Alun Ffred Jones:** Mae'r rhan fwyaf o'r cyrff yr ydym yn sôn amdanynt wedi bodoli ers degawdau. Yr ydym yn sôn am batrymau staffio mewnol, ond gall fod yn unrhyw beth sy'n ymwneud â'u gwaith; cynlluniau ydynt i'w gwneud yn fwy effeithiol i'r dyfodol.

Alun Ffred Jones: Most of the bodies that we are talking about have existed for decades. We are talking about internal staffing patterns, but it could be anything related to their work; the intention is that the plans will make them more effective in the future.

[228] **Bethan Jenkins:** Yr ydych yn cynnig neilltuo £640,000 ar gyfer moderneiddio trefniadau gweithio yn y sector treftadaeth a hybu gweithio mewn partneriaeth. A allwch roi mwy o wybodaeth ynglŷn â'r math o brosiectau yr ydych yn eu gweld yn cael eu gweithredu drwy'r gronfa hon?

You are proposing to set aside £640,000 targeted at modernising working arrangements within the heritage sector and at promoting more partnership working. Could you provide some examples of the kinds of projects you see being implemented through this fund?

[229] **Alun Ffred Jones:** Mae'n anodd imi roi enghreifftiau penodol ichi heddiw oherwydd mae trafodaethau yn parhau. Rhof un enghraifft bosibl o'r adroddiad perfformiad a rhagoriaeth a baratowyd ar gyfer Cyngor Chwaraeon Cymru a'i waith yn y maes o ddatblygu athletwyr o safon uchel. Er mwyn gweithredu ar yr adroddiad hwnnw, mae'r cyngor chwaraeon a swyddogion fy adran yn trafod beth fydd rhaglen y dyfodol.

Alun Ffred Jones: It is difficult for me to give you specific examples today because the discussions are ongoing. I will give one possible example from the performance and excellence report produced for the Sports Council for Wales and its work in developing elite athletes. In order to act on that report, the sports council and officials in my department are holding discussions on what the future programme will be.

11.10 a.m.

[230] Mae'n bosibl y bydd angen arian ychwanegol, ond dim o anghenraid. Felly, byddai'r arian hwn, neu ran ohono, ar gael pe byddem yn gweld bod angen cyllid ychwanegol ar Gyngor Chwaraeon Cymru. Yr un yw'r sefyllfa ar gyfer cyrff eraill a phrosiectau penodol, ond ni allaf roi mwy o fanylion na hynny heddiw.

It is possible that additional funding will be needed, but not necessarily. Therefore, this money, or part of it, would be available if we identified a need to provide additional funding for the Sports Council for Wales. It is the same situation for other organisations and specific projects, but I cannot give you more detail than that today.

[231] **David Lloyd:** Ar yr un materion dwys technegol, mae'r dogfennau sy'n cefnogi'r gyllideb ddrafft yn dadlennu gwerth rhyw £3 miliwn o ddyraniadau ychwanegol. Y swm a bennwyd yn eich papur yw £2.25 miliwn. Beth yw'r eglurhad am unrhyw wahaniaeth yn y materion dyrys technegol hyn?

David Lloyd: On the same profound and technical issues, the supporting documents to the draft budget reveal that there are around £3 million worth of additional allocations. The sum that was stated in your paper was £2.25 million. What is the explanation for this discrepancy between these two complex, technical figures?

[232] **Alun Ffred Jones:** I feddwl syml, fel fy un i, os edrychwch ar gyllid yr adran ar gyfer 2009-10, a'i gymharu â'r cyllid sydd ar gael ar gyfer 2010-11, sef yr hyn y mae'r gyllideb ddrafft yn cyfeirio ato, y gwahaniaeth yw £2.2 miliwn yn ychwanegol i'r hyn a wariwyd. Fodd bynnag, mae'r £3 miliwn yn cyfeirio at y swm a gyrhaeddwyd ar ôl ystyried arbedion yr oedd yn ofynnol i'r adran eu gwneud. Fodd bynnag, er mwyn ichi gael ateb llawer gwell, gofynnaf i Huw ei esbonio ichi.

Alun Ffred Jones: To a simple mind, like mine, if you look at the department's funding for 2009-10, and compare it with the funding available for 2010-11, namely what the draft budget refers to, the difference is an extra £2.25 million to what was spent. However, the £3 million refers to the sum that was reached after considering savings that the department had to make. However, to give you a better answer, I will ask Huw to explain it to you.

[233] **Mr Davies:** To explain that difference: the efficiency has been calculated in real terms as opposed to in pure money terms.

[234] **Alun Cairns:** Minister, you identify over £2 million in so-called efficiencies and savings in the heritage departmental expenditure limit, so could you provide detailed information on where these savings have been identified and how they will be realised? I was certainly surprised earlier when I probed Brian Gibbons about an efficiency and it became clear that it was a blatant cut—it was not achieving the same outcome for less money. Can you give us a breakdown of that £2 million efficiency, or is it really a cut?

[235] **Alun Ffred Jones:** Most of these efficiencies would have to be realised within the AGSBs that we support, therefore we expect to see detailed plans of how they will deal with the money that is allocated to them, including efficiency savings. Even with the 1.5 per cent increase, that money does not cover their internal inflation in terms of staffing, for example. So, they will have to find efficiencies.

[236] **Alun Cairns:** When you set the funding or discuss with these bodies the amount of money being made available to them, you must be given an indication of the sort of things that could either be streamlined and that could result in the same outcome, using less money, or that could result in an even better outcome using the same money. There may be projects on which they might say, 'No, we cannot fund those because—we cannot deliver them because we do not have the money'. That is the sort of answer that I am looking for: will they do things differently and get the same outcome or will they just cut projects and say, 'Sorry, but we cannot do that.'?

[237] **Alun Ffred Jones:** We are currently having detailed ongoing discussions with the different bodies on these matters. I cannot tell you that a project will be cut or that something will be done differently, but those are the choices. Those plans are forthcoming.

[238] **Alun Cairns:** So, when you talk about efficiencies, we do not know whether you mean an efficiency or a cut.

[239] **Janice Gregory:** I think that the Minister has explained this, Alun.

[240] **Alun Ffred Jones:** I understand what you ask and all I am saying is that this is ongoing work between our officials and the various AGSBs.

[241] **Janice Gregory:** You cannot be expected to comment on ongoing work.

[242] **Mark Isherwood:** Which capital spending plans in your portfolio have been dumped or deferred, and I note, in particular, the combined reduction of £2.3 million for arts, museums and libraries?

[243] **Alun Ffred Jones:** No plans have been shelved and we are still in the process of finalising allocations.

[244] **Mark Isherwood:** What was in the original plan for this year, which will now be deferred?

[245] **Alun Ffred Jones:** I am not aware of any plan that has been deferred because of the reduction in the allocation, but perhaps John could expand on this.

[246] **Mr Howells:** This is partly one of those technical reductions. We received an additional £1 million this year to fund refurbishment costs at the Llangollen pavilion. We will not get that money next year, so £1 million is accounted for immediately and then there are the movements between different budgets, but because of things beginning and starting with capital programmes, we have not had to postpone anything yet. It is a question of managing within the money that we have available.

[247] **Joyce Watson:** Can you update the committee on past and future bids relating to the strategic capital investment fund, Minister?

[248] **Alun Ffred Jones:** That is another ongoing discussion. No decisions have been arrived at so far, but the main project that has been presented by the department is the arts and enterprise centre at Bangor, which also received the support of the area spatial planning

group. However, I cannot go into detail about that, because of my constituency interest. In addition, there is a bid for developing infrastructure and interpretation at five key museum sites, which is mainly targeted at the St Fagans site. That is an important project, which we hope will also attract money from other sources.

[249] **Lesley Griffiths:** Do you think that the budget that you have been allocated will allow you to deliver all the 'One Wales' commitments for your portfolio?

[250] **Alun Ffred Jones:** We are reasonably confident that that can be achieved. We are discussing one or two areas, but I do not think that the present budget has any bearing on that.

[251] **Alun Cairns:** In relation to the additional allocations, you refer to

[252] 'maximising the contribution which the Heritage MEG can make to counteracting the effect of the economic recession'.

[253] What specific programme areas will you use to address this aim?

[254] **Alun Ffred Jones:** There is a particular programme that is aimed at disadvantaged young people that is run by the arts council in conjunction with the Department for Children, Education, Lifelong Learning and Skills, which is a targeted programme aimed at strengthening the capacity of arts organisations to work with other partners to offer creative opportunities for young people not in education, employment or training, utilising the Reach the Heights partnership. That is a specific £200,000 project. I would also say that the Welsh Books Council's publisher scheme will benefit individual companies directly when it is set up, not only through the employment that it will create, but by increasing the efficiency and performance of those individual companies.

[255] **Eleanor Burnham:** A allwch chi roi esiamplau o brosiectau tymor byr y byddech yn hoffi dyrannu gwariant iddynt?

Eleanor Burnham: Can you give us examples of short-term projects to which you would like to allocate funding?

[256] **Alun Ffred Jones:** Yr wyf wedi cyfeirio at ddau gynllun yn yr ateb diwethaf. Yr wyf am gyfeirio hefyd at yr arian sydd wedi ei dargedu i hyfforddi gwirfoddolwyr ar gyfer Cwpan Ryder. Yr adran dwristiaeth sydd yn edrych ar ôl hwnnw.

Alun Ffred Jones: I have referred to two schemes in the last answer. I also refer you to the funding that has been allocated to train volunteers for the Ryder Cup. The tourism department is responsible for that.

[257] **Eleanor Burnham:** A oes prosiectau eraill, efallai ym myd twristiaeth, y byddech yn hoffi eu helpu? Mae sawl cwmni yn dod i siarad gyda ni; er enghraifft, cwmnïau sydd yn hyrwyddo a hybu gwahanol fathau o wyliau nad ydynt ar gael yng Nghymru ar hyn o bryd. A ydych yn ymwybodol ohonynt? Beth yn union sydd ar gael i'w helpu?

Eleanor Burnham: Are there any other projects that you would like to help, perhaps to do with tourism? Many companies come to talk to us; for example, companies that are involved in promoting different kinds of holidays to those that are available in Wales. Are you aware of these and what exactly is available to help them?

[258] **Alun Ffred Jones:** Byddaf yn cyfeirio yn nes ymlaen at y cynlluniau twristiaeth sydd wedi derbyn arian Ewropeaidd. Cewch glywed amdanynt bryd hynny.

Alun Ffred Jones: I will refer later on to the tourism schemes that have received European funding. You will hear about them at that time.

11.20 a.m.

[259] **Lesley Griffiths:** Can you give us an update on the proposed dormant accounts scheme for Wales?

[260] **Alun Ffred Jones:** A paper will be submitted to the Cabinet on 19 October. We expect that there will be £8 million to £10 million available to Wales, probably from late 2010, subject to sorting out certain legal issues. The Cabinet has yet to agree, finally, on spending purposes but recommendations are in place.

[261] **Lesley Griffiths:** The original estimate of how much money we would get was around £15 million.

[262] **Alun Ffred Jones:** The estimates started off between £15 million and £20 million, but recent estimates, apparently, are down to £8 million to £10 million.

[263] **Joyce Watson:** In what ways have equality of opportunity and sustainability considerations impacted on the formulation of this budget? In particular, how will the additional financial allocations contribute to the Welsh Government's aims in this regard, and what concerns do you have in relation to the impact that short-term funding might have on your longer-term objectives?

[264] **Alun Ffred Jones:** Equality of opportunity and sustainability are referred to in our letters to the various organisations that we support and fund. We expect those programmes to fulfil and meet those criteria. For example, within the museums there are examples of celebrating the history of ethnic minorities in specific exhibitions. Cadw has a sustainability agenda in terms of its own buildings throughout Wales. There is also the sustainable tourism project, which has received European funding. Also, there is the free entry to museum sites, which, in itself, is an important scheme and has contributed, as was announced yesterday, to the position of having 1.5 million people visiting various museum sites annually, and 12 million since the scheme was started.

[265] **Alun Cairns:** I want to talk about the loss of lottery funding. Last year, you mentioned that the argument was not about the lottery funding per se, but about the use of lottery funding in relation to the Olympics for regeneration purposes and the lack of the Barnett consequential that comes out from that. It is quite unusual because when the Jubilee line, for example, was being built in the 1990s, although it was a London-based project, Wales had the Barnett consequential from the Government at the time. Can you give us an update on the representations that you have made to the Government on that, and are you pretty angry with the Westminster Government for not passing the Barnett consequential to Wales?

[266] **Janice Gregory:** You do not need to answer the second part of that question, Minister.

[267] **Alun Ffred Jones:** There is no doubt that the spending on the Olympics has affected lottery funding available in Wales. This is well documented and well rehearsed; there is no getting away from the fact. You know very well that the Government has made representations on more than one occasion so that this is reflected in what we get in Wales. However, I am afraid that we have to accept the situation as it is. After the Olympic Games are over, and if assets are sold as they are supposed to be sold, there will be some return to the devolved nations and other regions, presumably.

[268] **Joyce Watson:** Some of Wales's high-profile events and venues have needed additional financial support in recent years, such as the Urdd eisteddfod and the National Botanic Garden of Wales. What assessment have you made of the impact of the economic downturn on revenue streams and future funding needs of organisations and events that are already reliant on Welsh Assembly Government funding?

[269] **Alun Ffred Jones:** There is constant monitoring and frequent meetings with the relevant organisations. The Wales Millennium Centre is monitored on a monthly basis and is currently performing very well, despite the economic situation. The National Botanic Garden of Wales is also monitored closely; times are difficult for the garden, but we keep in close contact with the organisation. I would say that the same is true of all the other organisations.

[270] **Bethan Jenkins:** O ran rhai digwyddiadau penodol, yr wyf ar ddeall bod gwaith trawsbortffolio yn digwydd gydag adran Ieuan Wyn Jones. Sut fydd hynny'n effeithio ar y gyllideb fel ag y mae, neu a gaiff hyn ei hepgor o'r gyllideb? Er enghraifft, pe bai tîm chwaraeon mawr neu ryw ddigwyddiad am ddod i Gymru am y tro cyntaf, sut fydd cyllideb eich adran chi a chyllideb adran Ieuan Wyn Jones yn cydweithio er mwyn sicrhau y gall hynny ddigwydd, neu a fydd hynny'n amhosibl o safbwynt y gyllideb bresennol?

Bethan Jenkins: With regard to some specific events, I understand that cross-portfolio work is being undertaken with Ieuan Wyn Jones's department. How will that affect this budget, or will it not be included in the budget? For example, if a big sports team or an event wants to come to Wales for the first time, how will your departmental budget collaborate with Ieuan Wyn Jones's budget to ensure that that happens, or will that not be possible within the current budget round?

[271] **Alun Ffred Jones:** Os ydych yn cyfeirio at ddigwyddiadau penodol, yr uned digwyddiadau mawr fyddai'n delio â hynny'n gyntaf, ac mae'r uned honno'n atebol yn uniongyrchol i Ieuan Wyn Jones. Eto i gyd, lle byddai hynny'n berthnasol, fe fyddwn i'n rhan o'r trafodaethau. Felly, dyna'r lle cyntaf y byddai trefnwyr digwyddiad o'r fath yn troi tuag ato am gymorth neu am gyngor yn hynny o beth.

Alun Ffred Jones: If you are referring to specific events, then it would be the major events unit that would deal with those initially, and the unit is directly accountable to Ieuan Wyn Jones. However, where appropriate, I would be part of any relevant discussions. So, that would be the first port of call for the organisers of such an event in seeking assistance or advice in that regard.

[272] **Alun Cairns:** Minister, what progress do you think you have made and what further progress could be made in relation to the breakdown of the culture fund? It was highlighted last year that it was a significant amount of money that was a catch-all, and gave considerable discretion without any opportunity to scrutinise the breakdown in terms of the planning. So, can you give us an update as to where you think you are and how much further you can go?

[273] **Alun Ffred Jones:** I presume that you have looked at annex c, which I believe you have before you. I suppose that it is up to you to comment on whether you think that the information contained is detailed enough. The culture fund, as described here, is mainly the Arts Council of Wales's expenditure on the bodies that it supports. I think that there is £28 million—

[274] **Mr Davies:** Yes, £28.4 million of that is arts council programme funding.

[275] **Alun Ffred Jones:** Also included in that is spending on the national botanic garden, community radio—

[276] **Mr Davies:** Just a few small things.

[277] **Alun Ffred Jones:** If you require further information, I am sure that it could be provided.

[278] **Alun Cairns:** What I am getting at is that there has been a significant reduction of £7.2

million in the culture fund on last year. This report is helpful in telling us where the spending is going now, but we need to see where the changes in spending are for the next financial year and the proposals thereafter.

[279] **Alun Ffred Jones:** Perhaps someone can help me out on that matter.

[280] **Mr Howells:** We have provided details on how the culture fund was broken down during the current year. As we have not yet allocated all of the budgets for next year, we are not yet in a position to give you the full breakdown, but I think that you will see that what was a very big lump of funding has been distributed between the new actions, which are intended to be more helpful. Once we have done the detailed distribution, we would be happy to share that with the committee.

[281] **Janice Gregory:** It would be most helpful if you could send us that information, thank you.

[282] **Bethan Jenkins:** Yn y cyfarfod y llynedd, dywedwyd fod angen ailasesu'r cyfleusterau allgyrsiol sy'n cael eu darparu mewn cymunedau lleol, a hynny wrth ystyried cyd-destun ehangach cyfrifoldeb y prif swyddog meddygol bellach dros weithgarwch corfforol. Credaf fod hynny'n rhan o'r strategaeth newydd ar gyfer chwaraeon a gweithgarwch corfforol. A yw'r ailasesu hyn wedi digwydd, ac, os felly, beth fydd yr effaith, os bydd effaith o gwbl, ar y portffolio?

Bethan Jenkins: In last year's meeting, it was said that a reassessment of recreational facilities that are provided in local communities was needed, given the wider context of the lead taken by the chief medical officer on physical activity. I believe that that comes under the new strategy for sport and physical activity. Has that reassessment been done, and, if so, what will be the impact, if any, on the portfolio?

11.30 a.m.

[283] **Alun Ffred Jones:** Mae Cyngor Chwaraeon Cymru wedi gwneud archwiliad rhannol o'r cyfleusterau yn oddeutu hanner yr ardaloedd awdurdodau lleol. Yn y pen draw, mater i'r awdurdodau lleol yw hyn. Fodd bynnag, mae'r grŵp sy'n goruchwylio'r cynllun gweithgarwch corfforol wedi cyfarfod, a rhan o'i waith yn ystod y flwyddyn nesaf fydd datblygu rhaglen fonitro ar y mathau hyn o gyfleusterau, a thrafodwyd hynny yn y cyfarfod agoriadol. Fodd bynnag, nid oes gennyf wybodaeth a fydd yn eich helpu heddiw, mae arnaf ofn.

Alun Ffred Jones: The Sports Council for Wales has conducted a partial audit of facilities in about half of the local authority areas. Ultimately, it is a matter for local authorities. However, the group that is supervising the physical activity plan has met, and part of its work during the next year will be to develop a monitoring programme of these types of facilities, and that was discussed in the opening meeting. However, I do not have information that will be of help to you today, I am afraid.

[284] **Bethan Jenkins:** Mae'r cwestiwn nesa am y Gorchymyn cymhwysedd deddfwriaethol arfaethedig ar yr iaith Gymraeg. A ydych yn rhagweld y bydd unrhyw oblygiadau yn codi pan fydd y Mesurau a ddaw yn sgîl y GCD yn mynd drwyddo? A allwch chi baratoi ar gyfer unrhyw oblygiadau i'r dyfodol?

Bethan Jenkins: The next question is on the proposed legislative competence Order on the Welsh language. Do you foresee that there will be any implications when the Measures emanating from the LCO go through? Can you prepare for any implications for the future?

[285] **Alun Ffred Jones:** Mae'n rhy fuan i

Alun Ffred Jones: It is too early to say and

ddweud ac ni fyddwn yn gwybod nes bydd Mesurau yn cael eu cynnig. Bydd yn rhaid inni baratoi asesiad o effaith y Mesurau .

we will not know until Measures are proposed. We will need to prepare an assessment of the effect of the Measures.

[286] **Eleanor Burnham:** Mae gennyf gwestiwn am fynediad am ddim i blant a phensiynwyr i safleoedd Cadw. A oes pictiwr clir wedi datblygu sy'n dangos effaith y cynllun mynediad am ddim?

Eleanor Burnham: I have a question about free entry for children and pensioners to Cadw sites. Has a clear picture emerged of the impact of the free entry scheme?

[287] **Alun Ffred Jones:** O safbwynt cyllido, yr unig beth y gallaf ei ddweud yw ei fod o fewn y gyllideb ar gyfer y cynllun, sef tua £650,000. Fodd bynnag, yr wyf wedi gofyn i Cadw adolygu'r cynllun, gan ei fod yn amlwg nad taliadau mynediad yw'r unig beth sy'n rhwystro pobl rhag ymweld â'r safleoedd. Felly, yr ydym yn ystyried a oes cynlluniau eraill y gellid eu rhoi ar waith er mwyn hyrwyddo mynediad i grwpiau sydd yn dewis peidio â mynd i safleoedd fel hyn, a byddwn yn adolygu hynny yn ystod y flwyddyn.

Alun Ffred Jones: From the point of view of funding, the only thing that I can say is that it is within the budget allocated to the scheme, which is about £650,000. However, I have asked Cadw to review the scheme, as it is clear that entry fees are not the only barrier to people going to the sites. Therefore, we are considering whether there are other schemes that could be implemented in order to promote entry for groups who choose not to visit such sites, and we will review that over the year.

[288] **Eleanor Burnham:** A allwch chi roi esiampl fer?

Eleanor Burnham: Can you give a brief example?

[289] **Alun Ffred Jones:** A ydych yn golygu esiampl o reswm pam nad yw pobl yn mynd i'r safleoedd?

Alun Ffred Jones: Do you mean an example of why people do not visit the sites?

[290] **Eleanor Burnham:** Hoffwn esiampl o'r hyn yr ydych yn ei wneud i—

Eleanor Burnham: I would like an example of what you are doing—

[291] **Alun Ffred Jones:** Mae hwn y tu hwnt i gylch gorchwyl y pwyllgor hwn, ond mae llawer o bethau'n cael eu gwneud i geisio gwneud y safleoedd yn fwy diddorol. Byddwn yn edrych ar gynlluniau i dargedu'r grwpiau sy'n dewis peidio â mynd i safleoedd. Byddwn yn adolygu'r cynllun mynediad am ddim yng ngoleuni'r wybodaeth honno.

Alun Ffred Jones: This is outwith this committee's remit, but a great deal of work is being done to try to make the sites more interesting. We will look at schemes to target groups who choose not to visit sites. We will review the free entry scheme in the light of that information.

[292] **Eleanor Burnham:** Cafwyd amryw o ddatganiadau i'r wasg ynglŷn â'r defnydd o arian Ewropeaidd yn ddiweddar, ac maent yn dal i ddigwydd. Wrth sôn am dwristiaeth yn benodol, sut ydych yn gwneud y gorau o'r cyfleoedd sy'n dod o ganlyniad i arian Ewropeaidd, ac yn manteisio arnynt?

Eleanor Burnham: There have been various press releases about the use of European money recently, and they are still happening. In the field of tourism in particular, how are you maximising and taking advantage of the opportunities afforded by European money?

[293] **Alun Ffred Jones:** Mae Croeso Cymru wedi bod yn llwyddiannus gyda dau gynllun sydd, rhyngddynt, yn werth tua £17

Alun Ffred Jones: Visit Wales has been successful with two schemes, which, together, are worth about £17 million or £18

miliwn neu £18 miliwn, sef y cynlluniau twristiaeth gynaliadwy a thwristiaeth yr arfordir. Mae Croeso Cymru hefyd yn paratoui cais am £9 miliwn o arian marchnata digidol. Mae Cadw hefyd wedi bod yn llwyddiannus gyda'i gynllun twristiaeth treftadaeth. Credaf fod hynny'n werth tua £18 miliwn.

[294] **Mr Howells:** Mae'n werth £19 miliwn.

[295] **Alun Ffred Jones:** Felly, fel y gwelwch, rhyngddynt hwy, mae'r cynlluniau hynny yn werth arian sylweddol iawn. Efallai y bydd o ddiddordeb i'r pwyllgor hwn maes o law i edrych ar yr hyn sy'n digwydd o dan y cynlluniau hynny pan fyddant yn weithredol.

[296] **Eleanor Burnham:** Mae'r meini prawf yn newid, felly sut y mae hynny'n dylanwadu ar eich gallu i gael mynediad i'r arian sylweddol hwnnw?

[297] **Alun Ffred Jones:** Yr wyf yn meddwl fy mod yn iawn i ddweud bod Ewrop yn ddrwgdybus o gynlluniau marchnata gan law'r unig beth a wnânt yw denu pobl o un lle i le arall yn Ewrop, ac, yn y pen draw, gwastraff arian yw hynny. Serch hynny, cafodd y rheoliadau eu llacio rhywfaint yn ddiweddar.

[298] **Eleanor Burnham:** I ba pwrpas y mae Ewrop yn gobeithio y byddwch yn defnyddio'r arian, os na fyddwch yn ei ddefnyddio i farchnata?

[299] **Alun Ffred Jones:** Dyna beth fydd y marchnata digidol. Yr wyf i'n dweud mai dyna oedd meddylfryd Ewrop—sef fod denu pobl o un wlad i'r llall o safbwynt twristiaeth yn ddibwrpas. Serch hynny, yr ydym wedi gweld newid bach.

[300] **Eleanor Burnham:** Felly, byddai corff fel Partneriaeth Twristiaeth Gogledd Cymru yn gallu cael yr arian hwn gennyh.

[301] **Alun Ffred Jones:** Byddai'n rhaid ichi ofyn i Croeso Cymru am fanylion y cynllun.

[302] **Mr Howells:** Mae'n rhaid cynnal proses fidio er mwyn dod o hyd i bartneriaid lleol sy'n gallu helpu i wario'r arian. Mae angen partneriaid lleol er mwyn canfod

million, namely the sustainable tourism and coastal tourism schemes. Visit Wales is also preparing a bid for £9 million of digital marketing money. Cadw has also been successful with its heritage tourism scheme. I believe that that is worth about £18 million?

Mr Howells: It is worth £19 million.

Alun Ffred Jones: So, as you can see, between them, those schemes are worth a substantial amount of money. It might be of interest to this committee in due course to look at what is happening under those schemes when they become operational.

Eleanor Burnham: The criteria change, so how does that influence your ability to gain access to that substantial amount of money?

I think that I am right in saying that Europe is wary of marketing schemes because you are just attracting one people from one area of Europe to another, and it is a waste of money ultimately. However, the regulations have been loosened somewhat lately.

Eleanor Burnham: To what specific purpose does Europe hope that you will use these funds, if not for marketing?

Alun Ffred Jones: This is what digital marketing is about. I am saying that that was the mindset of Europe—which is that attracting people from one country to another for tourism purposes seemed pointless. However, there has been a small shift.

Eleanor Burnham: Therefore bodies such as the Tourism Partnership North Wales could access these funds from you.

Alun Ffred Jones: You would have to ask Visit Wales for those details.

Mr Howells: A bidding process needs to be gone through in order to identify local partners that can help to spend the money. Local partners are needed in order to identify

prosiectau a allai gael eu hariannu fel rhan o'r projects that could be funded under this
prosiect hwn. project.

[303] **Alun Cairns:** I want to pursue the tourism angle a little further, because the baseline of tourism, although it is increasing marginally, is significantly below the allocation for 1999-2000, when it was in the region of £15 million. In addition to that, structural funding was made available during that period, or shortly after, and was drawn down by the Wales Tourist Board. Match funding was separate, in what was called the Pathways to Prosperity pot. Does the match funding now come out of this? I appreciate that budgets are tight, but in view of the fact that the return on tourism spend is broadly 6:1, are you not taking a short-term approach by spending less in core terms than in 1999?

[304] **Alun Ffred Jones:** All I can say is that the various schemes that I referred to certainly make a hefty contribution to tourism in general in Wales.

[305] **Alun Cairns:** As did Objective 1 at that time.

[306] **Alun Ffred Jones:** Yes, and despite some initial concerns, we have done very well in the tourism sector. There are four major schemes, and with a combined value of around £50 million, I think that that bodes well.

[307] **Alun Cairns:** And match funding?

[308] **Alun Ffred Jones:** As I just mentioned, we are looking for match funding for one of those schemes, and some of the others are matched internally. Am I right?

[309] **Mr Davies:** Some of them are matched internally within Visit Wales, and sometimes there is money from local authorities or the private sector.

[310] **Janice Gregory:** I thank the Minister and his officials for attending this morning. As always, you will be sent a transcript to check for factual accuracy. Before you rush off, Members—I know that it has been a long session—I want to remind you, first, that a broadcasting debate is scheduled for this afternoon's Plenary meeting, and secondly, that our next meeting is to be held next Wednesday, 21 October, at 9 a.m., rather than 9.30 a.m. That brings us to the end of our meeting today.

*Daeth y cyfarfod i ben am 11.39 a.m.
The meeting ended at 11.39 a.m.*