

Carl Sargeant AC / AM
Y Gweinidog Llywodraeth Leol a Chymunedau
Minister for Local Government and Communities



Llywodraeth Cymru
Welsh Government

Chair of Communities, Equality
and Local Government Committee

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Scrutiny of the Local Government and Communities 2013-14 Draft Budget

Thank you for inviting me to the Scrutiny Committee on the 10th October 2012 to discuss the Local Government and Communities draft budget for 2013-14 to 2014-15.

At that meeting I promised to provide the Committee with further information on the following seven issues:

Results Based Accountability process

The Department for Local Government and Communities is currently in the second year of embedding an outcomes-based approach to the internal business planning of its policy and programme delivery. In order to underpin this focus on improving outcomes for people and communities, the Department has utilised Results Based Accountability (RBA) as a methodology across all LGC Divisional Business Plans, as well as specific policies and programmes, such as Communities First. RBA is a 'common-sense' approach and is widely used by a range of other public sector delivery partners. Using RBA is helping my Department to be clear about the wider outcomes we are looking to achieve for our communities, and the contributions that we can make to deliver these outcomes.

Work is also ongoing to embed RBA within specific areas of policy, such as the new Road Safety Strategy for Wales and the Communities First Programme.

Following consultation in 2011 the Communities First Programme will be a Community Focused Tackling Poverty Programme. The programme now has identified three key areas for work to support the most disadvantaged communities in Wales:

- Prosperous Communities (Economy, Jobs and Employability)
- Learning Communities
- Healthier Communities

Outcomes have been defined for each and indicators, closely aligned to the Programme for Government, have been used to assist Clusters in undertaking an analysis of the key drivers effecting poverty locally. Local Delivery Plans are being developed for each of the new Clusters by the community and the relevant Lead Delivery Body. Communities First is clear that it cannot tackle Poverty on its own but must demonstrate the "added value" it brings by working in our most deprived areas, particularly in ensuring that the most disadvantaged are supported to make sustained change in their lives.

The programme will develop a set of common performance measures so that it can demonstrate nationally the contribution it is making to Tackling Poverty, and equally so that communities can see how they are contributing to making a difference for their local area. The process and subsequent monitoring of the future programme will give a clear line of sight from delivery of projects in local communities to national priorities set by the Welsh Government.

Sustainable Development

You asked me for a definition of Sustainable Development. In our scheme for sustainable development in *One Wales, One Planet* (1999) we provide a clear definition of sustainable development in Wales. This means enhancing the economic, social and environmental wellbeing of people and communities, achieving a better quality of life for our own and future generations in ways which promote social justice and equality of opportunity; and in ways which enhance the natural and cultural environment and respects its limits - using only our fair share of the earth's resources and sustaining our cultural legacy. Sustainable development is the process by which we reach the goal of sustainability.

I have written to the Minister for the Environment and Sustainable Development asking him to write to you to provide the very latest definition for sustainable development as it applies to Wales.

The Financial Regularity Impact Assessment of Bills

During the early policy development phase of Assembly Bills consideration is given to assessing the impact of introducing new legislation. This includes the financial impact for the Welsh Government and, depending on the scope of the legislation, the impact for any delivery partners. The Welsh Government has a formal process in place to ensure that this impact assessment has been carried out and this is set out in the accompanying Explanatory Memorandum for all Assembly Bills. This is published at the same time that a Bill is introduced in the National Assembly.

Funding for Council Tax Benefit

In the 2010 Comprehensive Spending Review the UK Government announced that following the localisation of council tax support, funding would be cut by 10% and would be from AME to DEL funding, meaning that demand will have to be managed within a fixed budget for the first time.

Negotiations are still ongoing with the UK Government regarding the funding that will be transferred to provide council tax support in Wales from 1st April 2013. Provisional figures provided by DWP indicate a transfer of £214m and £215m in 2013/14 and 2014/15 respectively. The transfer for 2013/14 represents a shortfall of at least £29m compared to CTB expenditure outturn figures for 2011/12 - this is before increases in caseload during 2012/13 and expected increases in 2013/14 are factored in.

The funding figures will be finalised as part of the Autumn Statement and we are committed to ensuring that Wales receives a fair transfer that does not represent a reduction of more than the announced 10%, and that also provides adequate funding for the administration and transition costs associated with the new scheme.

We are working closely with local government to use the expertise that exists in Wales to develop a viable and affordable new scheme to provide council tax support and this work has focused on simplifying the existing complex arrangements. A consultation on policy and delivery options was held earlier in the year, and the responses to this along with feedback from local government, and detailed analytical research from the Institute for Fiscal Studies, was developed into an options paper for Cabinet at the end of June. At the same time provisions were secured in the Local Government Finance Bill to create the necessary legal framework to introduce a new scheme in Wales. The necessary regulations to bring the scheme into effect are now being drafted, informed by advice from local government, and the first set is due to be laid at the beginning of November.

The Community First Scheme

As indicated above, I have decided that in future Communities First will be a Community Focussed Tackling Poverty Programme with fewer, larger CF areas, known as Clusters. Eligibility for inclusion in the new programme is based on the Welsh Index of Multiple Deprivation 2011 with each cluster to be based on the most deprived 10% areas according to this Index.

The great majority of existing CF partnerships will be included in one of the new Clusters, but the minority which will not were eligible to apply for Exit Strategy funding up to 31 March 2013. Funding under this arrangement has recently been awarded to 13 partnerships and will be used to sustain the most valuable aspects of their work during this period and support fundraising initiatives for the future.

The CF partnerships leaving the programme are:

- Rural North Flintshire
- Upper Amman Valley, (Cross- Border between Neath Port Talbot and Carmarthenshire)
- North Abergavenny, Monmouthshire
- Tregaron, Ceredigion
- Penparcau, Ceredigion
- Dyfi Valley, Powys
- Oldford Estate, Powys,
- Deri, Caerphilly
- Pen Lynn, Gwynedd
- Bowydd a Rhiw, Gwynedd
- Barmouth, Gwynedd
- South Pwllheli, Gwynedd
- Amlwch, Anglesey

Funding for the Advice Sector

Consequential funding of £967,000 was received last December from HM Treasury to support organisations in the free advice sector affected by reductions in public funding. In January my officials worked with the Chair of the Independent Advice Providers Forum to ascertain which organisations were faced with immediate cuts to their funding and were threatened with closure. Following this exercise, in April a sum of £753,550 was grant aided to Citizens Advice Cymru and is being distributed to advice agencies during 2012/13 that identified funding cuts. There is a balance of £213,450 remaining from the consequential funding and consideration is being given to how this will be best spent this financial year. It is envisaged that 2013-14 will bring significant further challenges to advice providers, in addition to the Welfare Reform impacts, with the end of Legal Aid funding resulting in additional significant funding cuts to the free advice sector. The review of advisory services that is underway will make recommendations on how Welsh Government can best address this funding gap.

Model of funding the Fire and Rescue Services

Fire and Rescue Authorities (FRAs) in Wales are levying authorities. They set their budgets taking account of pressures and commitments and any grants they receive directly along with any income and use of reserves. The FRAs must consult with their constituent local authorities on their budget estimates. The levy is calculated based upon the levels of resident population within each local authority area. Once set, the constituent authorities are obliged to factor the levy into their own budget setting. Constituent local authorities have the ability to influence the levy through their representatives on the FRA.

In England, where the FRA is a precepting authority, they are able to raise the balance of funding required through an element on the council tax bill. In Wales, police authorities are precepting authorities. Unitary authorities are council tax setting and billing authorities.

Yours sincerely,



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