



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

Y Pwyllgor Cymunedau, Cydraddoldeb a **Llywodraeth Leol** **The Communities, Equality and Local Government** **Committee**

Dydd Mercher, 16 Hydref 2013
Wednesday, 16 October 2013

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Leighton Andrews	Llafur Labour
Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Christine Chapman	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Gwyn R. Price	Llafur Labour
Jenny Rathbone	Llafur Labour
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales
Lindsay Whittle	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Lesley Griffiths	Aelod Cynulliad (Llafur), Y Gweinidog Llywodraeth Leol a Busnes y Llywodraeth Assembly Member (Labour), Minister for Local Government and Government Business
John Howells	Cyfarwyddwr Tai ac Adfywio, Llywodraeth Cymru Director of Housing and Regeneration, Welsh Government
Steve Hudson	Pennaeth Cyllid, Cartrefi a Lleoedd, Llywodraeth Cymru Head of Finance, Homes and Places, Welsh Government
Reg Kilpatrick	Cyfarwyddwr Llywodraeth Leol, Llywodraeth Cymru Director of Local Government, Welsh Government
Owain Lloyd	Dirprwy Gyfarwyddwr, Llywodraeth Leol a Chymunedau, Llywodraeth Cymru Deputy Director of Operations, Local Government and Communities, Welsh Government
Carl Sargeant	Aelod Cynulliad (Llafur), Y Gweinidog Tai ac Adfywio Assembly Member (Labour), Minister for Housing and Regeneration

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

Jonathan Baxter	Y Gwasanaeth Ymchwil Research Service
Sarah Beasley	Clerc Clerc
Leanne Hatcher	Dirprwy Glerc Deputy Clerk
Rhys Iorwerth	Y Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 09:16.
The meeting began at 09:16.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Christine Chapman:** Bore da. Welcome to this meeting of the Assembly's Communities, Equality and Local Government Committee. Before we start, may I remind Members that, if they have any mobile phones, to switch them off, as they affect the transmission? We have not received any apologies this morning.

09:16

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru 2014-15—Sesiwn Dystiolaeth gyda'r Gweinidog Llywodraeth Leol a Busnes y Llywodraeth Scrutiny of Welsh Government 2014-15 Draft Budget—Evidence Session from the Minister for Local Government and Government Business

[2] **Christine Chapman:** In this first evidence session on the draft budget, we have the Minister for Local Government and Government Business with us. I therefore welcome the Minister, Lesley Griffiths, as well as Reg Kilpatrick, the director of local government, and Owain Lloyd, the deputy director of operations, local government and communities. Thank you for attending this morning, Minister, with your team. You have provided a paper in advance, which Members will have read. Therefore, if you are happy, we will go straight into questions; we have quite a lot of ground to cover, as you can imagine.

[3] **The Minister for Local Government and Government Business (Lesley Griffiths):** Okay; thank you, Chair.

[4] **Christine Chapman:** I want to start off with some pretty broad questions, before we go into the detail of the draft budget. Could you tell me whether, and how exactly, you think the Welsh Government can achieve its ambition of a fairer, healthy and prosperous Wales—and I am quoting you here—bearing in mind the level of reductions that are proposed for local authorities, and the range of services that they are expected to provide?

[5] **Lesley Griffiths:** Clearly, our Welsh budget has been severely cut by the UK coalition Government. By 2015-16, it will be £1.7 billion lower than it was when we started this Assembly term. It has been a time of very difficult decisions, as you can imagine; I think that I had weekly meetings, at one point, when I came into this portfolio, with the Minister for Finance. It is really important to note that what we have done as a Government is to seek to set a budget within a context that will protect the vulnerable and will create jobs, and we also want to improve educational attainment, and, of course, we want it to tackle poverty. These reductions have resulted in a reduction to the revenue support grant, and, later on today, I will be publishing the provisional local government settlement.

[6] My aim has been to minimise the impact on local government. I appreciate that local government is the focus of my budget, but I have other areas that are of equal importance to me—for example, I have the domestic abuse agenda, as well as youth justice and community safety. However, I have spent considerable time with all public sector partners, talking about the difficult decisions ahead, and preparing them for the changes in finances. I have given as much information as I can. We have reviewed all our programmes to ensure that we maintain that ambition. For instance, on specific grants, I have had a lot of discussions with ministerial colleagues, to see whether we can allow local government more flexibility.

[7] **Christine Chapman:** Shall we come back to some of the detail there, because I know that Members want to drill down into some of the detail?

[8] **Lesley Griffiths:** Okay.

[9] **Christine Chapman:** You have said that you want to protect vital services, and we have heard the Welsh Local Government Association's fears about the sustainability of some local authorities. Do you think that this is going to happen, that this is a risk?

[10] **Lesley Griffiths:** I think that what the WLGA has said—certainly to me; I think that it may have said it to you when it gave evidence—was that, in the medium term, it was not concerned about their sustainability. I have been in post now for seven months and one of the discussions that I have been having with Welsh local authorities is that they need to look over the border at how English local authorities have dealt with the severe cuts they have had. We have shielded local government as much as we could over the past three years. I was reading that chief executives in England have said that what they have managed to do is to have more efficient services and they have seen budget cuts of over 25%. So, no, I do not recognise that.

[11] **Christine Chapman:** Okay. Before I bring Peter Black in, on the practicalities of this, we have heard already from some local authorities about the possible closure of leisure centres or libraries. Do you think that this can be avoided by local authorities?

[12] **Lesley Griffiths:** Yes, I do. I would certainly not want to see any salami-slicing. I appreciate that they have statutory and non-statutory responsibilities. Carl Sargeant, as my immediate predecessor, and his predecessor have been having these conversations since we had the Simpson review back in 2011.

[13] **Peter Black:** I just wanted to clarify something, Minister. You said that the Welsh budget has been cut by £1.7 billion. That is in real terms. In cash terms, the Welsh budget has gone up slightly, so I think you need to make that distinction. If people think that it is being cut by £1.7 billion in cash terms, in real terms the cuts would be much more than that. I just wanted clarity on that.

[14] **Lesley Griffiths:** Okay; that is what I said.

[15] **Christine Chapman:** Gwyn Price is next.

[16] **Gwyn R. Price:** Could you tell us the extent to which you have considered the issues around poverty, children's rights and the Welsh language in allocating your budget, and can you provide us with specific examples of how that has influenced your decisions on the budget?

[17] **Lesley Griffiths:** The groups to which you refer receive a wide variety of the public services that we provide, and we will continue to invest. If you think about children, for example, we are protecting funding for Flying Start. We have announced an additional £11 million over the next two years. That is obviously one of our flagship programme for

government commitments. So, with the additional investment, that will be £115 million over four years. I know that you are scrutinising Carl Sargeant later. If you think about the Supporting People programme, we have just had a budget agreement with Plaid Cymru and the Welsh Liberal Democrats and we are providing an additional £5.5 million to mitigate a reduction in the Supporting People programme. Within my own portfolio, I am investing more in the domestic abuse agenda to look at how we can prevent harmful generation impacts on children and young people, and that will obviously support the rights of children. There is a huge amount of preventative work going on in the fire and rescue services. That, again, is protecting vulnerable people in their own homes, through arson reduction activities, for instance. However, you have to look at other aspects of the Welsh Government budget, not just my portfolio: the pupil deprivation grant, again through our budget negotiations with the Welsh Liberal Democrats, is being doubled, and we also provide educational maintenance allowances, which again help to protect children and young people.

[18] **Gwyn R. Price:** Is this in line with the equality plan objectives? Could you expand on whether this aligns with the Welsh Government's strategic equality plan objectives?

[19] **Lesley Griffiths:** Certainly, yes, we do that impact assessment and I would expect each local authority individually to do so.

[20] **Christine Chapman:** I have a number of Members who wish to come in now. Jenny Rathbone is first.

[21] **Jenny Rathbone:** There are some key services that you have ring-fenced for safeguarding against budgetary cuts, and looking at it from the perspective of local authorities, clearly things like the education budget and Flying Start are ring-fenced. What conversations are you having with local authorities about how they are going to deal with, if you like, non-statutory services—libraries and leisure centres have been mentioned—and look at more imaginative ways of ensuring that these services continue, whether or not they are run by the local authorities?

[22] **Lesley Griffiths:** Obviously, as I mentioned before, I do not want to see salami-slicing of non-statutory services. I appreciate that they have to fulfil their statutory responsibilities. Colleagues will be aware that, over the summer, I visited all 22 local authorities and spent considerable time in each area going around looking at their services. I saw some fantastic best practice, certainly around leisure services. They have to be imaginative: they cannot keep doing the same things differently; they have to be doing different things. For instance, in Anglesey, there is a leisure centre that is now being run as a social enterprise. I only have the money that I have, and local authorities will only have the money that they will have; that is a fact of life. However, what a miserable life it would be if we did not have leisure services, museums, et cetera, and I think that local authorities appreciate their role in that. So, I have been having discussions about that since I have been in portfolio. They are looking at imaginative ways of delivering those services differently and that is the conversation that we have been having.

[23] **Jenny Rathbone:** How do we change the mindset across local authorities? Unfortunately, in my experience, officers have a tendency to simply tell people, 'This service is going to go', rather than having a conversation with stakeholders about, 'This service is going to change and we've got to work together on how we're going to change it'.

[24] **Lesley Griffiths:** I think that taking the public with you is very important. I noticed on Twitter on Monday night that Monmouthshire had started to have a conversation with the public and I was following it. Another example that I have given local authorities is that they should look at the police. The police in Wales have had savage cuts to their budgets. I met with the chief constables on Monday, and Peter Vaughan, the chief constable of South Wales

Police, was explaining that they had saved £5 million by closing some control centres and coming down from seven to one, I think. Not only had they saved £5 million, they provided a better service, but he said that it was really important that you took the public with you or they would just feel that they were losing services, whereas they were actually getting a better service for less money.

[25] How do I change the mindset? Well, I just keep saying the same things, I suppose, and that is certainly what I have done. I do think that the mindset is changing. Welsh local government knows that it has been cushioned over the last three years and I have been very open with it about the difficult decisions that we are all going to have to make.

[26] **Jenny Rathbone:** The report you did for your visits over the summer is obviously a celebration of some of the good work that is going on. What sort of stick might you consider wielding to actually force some local authorities to look at what colleagues elsewhere might be doing?

[27] **Lesley Griffiths:** I do not think that I need a stick. They are looking and maybe they have to look and now feel that they cannot—. I do not think that they have buried their heads in their hands. It is very hard to generalise; we have 22 local authorities in Wales and I cannot generalise about them all. Leadership is really important and, certainly, you can see the local authorities that have very clear leadership; they have risen to the challenge. I chair the public service leadership group, which includes leaders from all aspects of the public sector. That is where Peter Vaughan was saying that the police have dealt with these cuts that local authorities are now seeing. They did not have any notice; our Welsh local authorities had at least three years' notice about this. So, they can learn from each other. The reason that I published a prospectus is because there are some fantastic examples out there. I meant to bring it with me. I think that we have some here and it is on the Welsh Government website and I hope that you have seen it. People say that best practice does not travel, but it does; it is a really good traveller and it is really important that it is shared.

[28] **Janet Finch-Saunders:** Minister, you talked about bringing people with you. You have to bring the local authorities with you. I know that safeguarding the education and social services budgets has been quite painful for some local authorities. Last year, your predecessor did the same thing. There will now be an impact on some of the softer, but very important services, to which Jenny referred, and they will see more of a squeeze. That fits into the prevention and intervention agenda.

09:30

[29] Are you not worried about the pressures that that will cause and that taking funding out of some of the softer services might prevent the work of high-budget areas, such as social services and some of the spends on other things that give people a better quality of life? So, in a way, it is a false economy. Are you saying to me and to the members of this committee that there is no waste in education and social services? I ask that question because in some authorities, my own included, if you look at the reserves that some education authorities collate, you will see that some schools have reserves of £5 million. Some of the officers working within local authorities believe that you could look at smarter ways of working within those portfolios and not just make a cut right across the board of what you consider not to be important services; to a lot of people they could be important. For example, a library has many functions, and discretionary, non-statutory services are the ones that prevent pressures on the statutory services. Therefore, I wonder why you are continuing with that thinking.

[30] **Lesley Griffiths:** I thought that I just said clearly that life would be miserable without leisure centres, museums and libraries.

[31] **Janet Finch-Saunders:** So, why do it?

[32] **Lesley Griffiths:** If we did not have the cuts from your Government in London, I would have more money; there are no two ways about it. The Welsh Conservatives constantly want more money for health, but we know that you would cut local government by 12.5%. I only have the money that I can give to them. Local government has to protect statutory services. Of course preventative spend is important; the money spent on social services keeps people out of the NHS, and that is an important aspect. However, it cannot salami slice. Local government has to look at things carefully, and it has to make efficiencies. I am not saying that efficiencies cannot be found across the board; they can. We are not protecting the social services 1% next year, so that money is now in local government, in the RSG, for it to be much more flexible. Local authorities will have to look at their budgets closely.

[33] **Peter Black:** There is an impressive document here, which is the equality impact on the draft budget. Basically, it contains five paragraphs on the cut in revenue support for local government, with no real assessment of the impact on equalities of that cut. Are you expecting local government to make its own equality assessment of its own budgetary decisions? If so, how will you be monitoring that?

[34] **Lesley Griffiths:** Yes, I am expecting each local authority to make its own equality assessment. We do it on our budget; alongside our budget considerations, I would expect every local authority to undertake its own equality impact assessment, as they progress through their budget process. I would expect these to consider fully the implication of their proposed spending decisions, and it is up to each local authority to have a look at that.

[35] **Peter Black:** Will you be monitoring that process at all? Will you be offering advice and support to them in that process?

[36] **Mr Kilpatrick:** We would not necessarily monitor the equality impact assessment of each authority, but we would expect those to be published and consulted on, alongside each council's budget proposals.

[37] **Peter Black:** So, if you expect them all to be published, will you bring them all together into one place where we can look at them, as Assembly Members?

[38] **Mr Kilpatrick:** We do not do that, but it would be a fairly straightforward job for us to put web links to them as they are published.

[39] **Peter Black:** It would be useful, as we are responsible for equalities as well on this committee, to be able to look at that.

[40] **Lesley Griffiths:** We can certainly look into it.

[41] **Mr Kilpatrick:** It may well be that the Minister responsible for equalities does something like that already; we would have to check. If she does not, we would have no objection to doing that for local government.

[42] **Mark Isherwood:** The WLGA has said that Welsh local government

[43] 'is probably unprepared for the scale of reductions that is likely to be visited on local finances for 2014-15'.

[44] Do you agree with that? If so, how do you intend to address that?

[45] **Lesley Griffiths:** I absolutely do not agree with it. You will have heard me say

before that, when I came into post in March, it was the very first discussion I had with local authorities. Since we had the Simpson report in 2011, my immediate predecessor—and probably his— has been having these conversations. We knew that financial conditions were going to get more challenging; councils needed to be prepared for that. They told me that they thought that they had been well shielded for three years, so they absolutely knew what was coming. I came into post in March, and in May I certainly had a very frank discussion with them about next year's budget and asked them what they thought their options were, and I was very clear that their most pessimistic option was probably my most optimistic option. I was very clear and very frank with them. I think that they have engaged with me very well over the past seven months. I established a finance sub-group with them so that we could have discussions specifically about finance. In July, we gave exemplifications and went back to their most pessimistic and my most optimistic options, and I mentioned the figure of 4%. I think that to say that they are not prepared and burying their heads in the sand is really not true. I do not think that that is true; I think that local authorities really have taken that on board.

[46] **Mark Isherwood:** How do you respond to the statement by the WLGA that the level of waste produced by allocating so many specific grants represents 'questionable stewardship of public finances'?

[47] **Lesley Griffiths:** I mentioned the specific grants in my opening answer, and I do understand the need to have a look at unhypothecating some grants. I unhypothecated two last week in my portfolio. I have had discussions with ministerial colleagues, asking them to look very carefully at their specific grants. Over recent years, we have transferred several. I think that, this year, we put £90 million back into the RSG. Next year, already, as I say, I have unhypothecated two, which is over £30 million. We have also put the £222 million support for the council tax reduction scheme into the RSG, so that local authorities have the maximum flexibility to manage their resources locally. I appreciate that, with some of the smaller, specific grants, a great deal of the funding can be used in their administration, so that is why I asked all ministerial colleagues to look at this. However, it is really important that local authorities also have those conversations with my ministerial colleagues. They need to ask them about their specific grants.

[48] **Mark Isherwood:** If that is the case, how do you respond to Denbighshire County Council's chief executive and leader writing to a number of Assembly Members saying that the council believes that it has the strength in management capacity and systems to manage the anticipated cuts without devastating services to residents, but that the Welsh Government's strategy of ring-fencing over two thirds of its budgets represents it with a major threat that cuts to services other than those that are ring-fenced will force it to cut services that it really should not, and that it should be able to identify efficiencies in all budgets and across all services? This is its view. You are quite right to say that local authorities, certainly the ones that I have spoken to, are very much switched on to the challenges and working on addressing this. However, in this letter, they say that they feel that their hands are being tied behind their backs.

[49] **Lesley Griffiths:** I would disagree with that. The majority of funding within the RSG is not ring-fenced. I am just looking for the percentage—24% of the funding is in specific grants. You have got to remember that it is not just the Welsh Government that funds local authorities; you have to remember council tax as well. It is not just our money. However, we do not have the 1% social services protection for next year—we are just maintaining the 1% in education—so there is a great deal more flexibility for local authorities for next year.

[50] **Mark Isherwood:** It is just that there is a dialogue to be had, if the mood summed up in that letter is quite as firmly worded as it is.

[51] **Lesley Griffiths:** I would disagree strongly with the leader and chief executive of Denbighshire council.

[52] **Peter Black:** Minister, you have referred a number of times to salami slicing. Can you tell us what amount of money you will be top-slicing from the revenue support grant this year, and for what?

[53] **Mr Kilpatrick:** In terms of the revenue support grant, we will allocate that as we normally do, as one chunk; we will not be top-slicing any money from that.

[54] **Peter Black:** Okay, because, last year, for example you top-sliced £10 million for collaboration. Is that going to be repeated this year?

[55] **Mr Kilpatrick:** The regional collaboration fund was an amount of money within the RSG. It was not technically top-sliced from it and put into a specific grant. However, it was set aside for a specific arrangement whereby authorities would bring forward regional projects and we would fund them. So, the money was in the RSG.

[56] **Peter Black:** Putting the semantics aside, are you setting aside any money for specific purposes within the revenue support grant this year, such as the collaboration fund?

[57] **Mr Kilpatrick:** Other than the collaboration fund—

[58] **Peter Black:** Is that going to carry on?

[59] **Lesley Griffiths:** That will carry on for three years. This is obviously coming to the end of the first year now. Several of the projects, if not the majority of them, were for three years, so that funding will continue for three years. I am looking at whether to continue it after that.

[60] **Peter Black:** There is no other amount of money being set aside within the RSG for specific purposes, such as, for example, housing benefit support.

[61] **Mr Kilpatrick:** No, not that I am aware of.

[62] **Peter Black:** So, in terms of the support you gave last year for housing benefit—

[63] **Lesley Griffiths:** Do you mean the council tax reduction scheme?

[64] **Peter Black:** I mean council tax, yes. Sorry.

[65] **Lesley Griffiths:** In relation to the council tax reduction scheme, I mentioned that I am giving the £222 million that is coming. You will be aware that the UK Government abolished that, and we gave certain moneys. I have written to local government and had lots of discussions with it about sharing the cost of that. Obviously, when I publish the provisional local government settlement this afternoon, that will be part of it.

[66] **Peter Black:** So, that money will be set aside within the revenue support grant.

[67] **Mr Kilpatrick:** That money will, as it was last year, simply be added to the RSG and it will be unhypothecated for authorities to use.

[68] **Peter Black:** So that is additional money, in addition to what we have here for the revenue support grant.

[69] **Mr Kilpatrick:** The £222 million that was added to the RSG last year will be rolled forward.

[70] **Peter Black:** Yes, but the £22 million—the 5%—

[71] **Mr Kilpatrick:** The Minister will be making announcements about the local government settlement later on today.

[72] **Peter Black:** Are we actually going to get a chance to scrutinise that settlement? We cannot scrutinise it now.

[73] **Lesley Griffiths:** It is a draft settlement, is it not? It will go to consultation.

[74] **Peter Black:** It seems to me that we cannot get an answer now and we will not be able to get an answer on that later on. There just seems to be a small gap here in accountability.

[75] **Leighton Andrews:** Why?

[76] **Peter Black:** I cannot ask the Minister questions on something that she has not announced yet, and she is not going to come back to committee to be accountable for that announcement.

[77] **Lesley Griffiths:** Strangely, I asked that question—why I was coming here this morning. Obviously, it is my first time in this portfolio, but apparently Ministers have always come on the morning of the announcement, or before the announcement.

[78] **Christine Chapman:** We will clarify this. I take your point, but we will look into this during the meeting.

[79] **Peter Black:** Yes, it is not clarified.

[80] **Rhodri Glyn Thomas:** You would not want to do the announcement now, would you, Minister? [*Laughter.*]

[81] **Lesley Griffiths:** No, thank you. Thank you for the offer.

[82] **Lindsay Whittle:** The £10 million for the collaboration fund—it is a lot of money. I am not so sure that it is always successful. Are we monitoring the outcomes of that £10 million?

[83] **Lesley Griffiths:** I appreciate what you are saying and, certainly, when I came into post in March, that money had been announced the previous November, and I was tasked with allocating the funding and looking at the projects and the business cases that came in. We are monitoring it. I mentioned in my answer to Peter that a lot of the projects are for three years, so they are subject to the usual monitoring.

[84] **Lindsay Whittle:** You will know that, in my region, Blaenau Gwent and Caerphilly tried to collaborate with social services, and a lot of money was spent, and certainly a lot of time, over two administrations, to try to make that successful, but it failed at the last hurdle, and that is really quite alarming.

[85] **Lesley Griffiths:** I know—that was not a specific RCF.

[86] **Leighton Andrews:** Minister, I will start by warning you that, as a south Wales

Assembly Member, I do not necessarily buy in to chief constable Peter Vaughan's assessment of South Wales Police's consultations with the public. May I just ask you about the work that has been undertaken by the Government in respect of the programme for government commitment to improving Welsh Government understanding of the links between performance and funding?

[87] **Lesley Griffiths:** Obviously, transparency is absolutely essential to effective scrutiny, and that is essential to service improvement. It is really important that the correct spending decisions are taken. There is a great deal of information that is published from local authorities and, if we are honest about it, a lot of it does not make sense to the public, or even to some councillors. We have been drawing together performance data and—I do not know if we have it with us—we have published the 'Local Authority Service Performance 2011-12', which we can look at alongside our priorities, because, you are quite right, it is really important that their priorities link in to ours.

09:45

[88] I do not think that there is any easy answer to it; I think it needs a great deal of work. Also, it is logical that you want to incentivise good performance, and not just punish bad performance. I think that there is a risk of just doing that with bad performance, but we have our outcome agreement grants programme as well, which I can look at alongside our programme for government commitments.

[89] **Leighton Andrews:** Your predecessor sought to strengthen the outcome agreements. Has that been taken forward?

[90] **Lesley Griffiths:** Yes, I am taking that forward, and we have reviewed the indicators, as we do every year. We have looked at the Wales performance network, and we have the—is it the improvement and support conference?

[91] **Mr Kilpatrick:** Yes.

[92] **Lesley Griffiths:** Officials and regulators attend that. Obviously, the auditor general helps us with this as well.

[93] I think that the outcome agreement grant is very important. It is not a huge amount of money; it is about £30 million, but, if they do not get it, that has an impact on the council tax. So, I think that it is a very important tool.

[94] **Mr Kilpatrick:** May I just say a little more about the improvement and support conference? Our performance framework in Wales is set by the Local Government (Wales) Measure 2009, which determines the Wales programme for improvement. However, clearly, over the past three or four years, we have seen a number of authorities in different service areas have difficulties with delivering their services. Estyn has been a particular inspectorate in highlighting those difficulties. So, as officials, along with the inspectorates, we have established what is called the improvement and support conference. That meets regularly and discusses individual local authorities—we have been fairly open with authorities that this is happening—with the idea that we need to identify areas where there are issues with capacity and capability, so that we, working through the WLGA, to which we provide about £1.7 million, can begin to work with those authorities to address problems before they become failures. So, it is dealing with failing authorities before they actually fail.

[95] **Leighton Andrews:** Has outcome agreement funding ever been withheld from an authority?

[96] **Lesley Griffiths:** Yes.

[97] **Mr Kilpatrick:** Yes, it has. I could not tell you the position for this year, because we are still evaluating, but I can certainly think of three examples in previous years where we have withheld the funding.

[98] **Leighton Andrews:** Will you name them?

[99] **Mr Kilpatrick:** I would prefer to write, to get the names right, rather than maybe make a mistake.

[100] **Leighton Andrews:** May I ask you for a final view on this? The outcome agreement money is £30 million. So, in the context of the overall cuts driven by the UK coalition Government's real-terms cut of £1.7 billion in Welsh Government funding, it seems to me that it is actually going to be pretty marginal to local government performance in the next few years. Is that your assessment, too?

[101] **Lesley Griffiths:** I think it is something that we are having to look at. I mentioned that it is less than 1% of funding. However, it does have an impact on their council tax, and I think that that is in the region of 4%. Perhaps it is something that we need to look at. As I said, we are looking at the outcome agreement. Carl started the process, and we are looking at it. Do you want to say anything more?

[102] **Mr Kilpatrick:** No, other than to reinforce that it is a marginal amount of money in terms of the £4 billion that we give through the RSG mechanism. If authorities were not receiving that income, it would be around 1%. If they had to make it up, however, it would potentially be a significant increase in council tax levels for local taxpayers. So, it is marginal, but its impact is probably greater than we might think.

[103] **Lesley Griffiths:** I would just say that I did ask for some examples of what the current set of outcome agreements has delivered, and they were: a reduction in the percentage of young people not in employment, education or training in Neath Port Talbot, from 7.1% to 3.1%; an increase in the installation of enhanced telecare packages, to allow older people to remain in their homes in Wrexham, from 128 to 602; a reduction in the amount of waste sent to landfill in Bridgend, from 28.4% to just 16.9%; and an increase in the number of individuals taken above UK and Welsh Government poverty lines in Denbighshire, from 850 to 1,735. So, I think you can see that it does work in some areas.

[104] **Christine Chapman:** Thank you. Janet Finch-Saunders is next.

[105] **Janet Finch-Saunders:** Going back to collaboration, and in light of your comment that the Simpson compact commitments have been completed, Cardiff Business School criticises the fact that collaborative projects were not being assessed in terms of their performance. It states:

[106] 'It is vitally important that arrangements are put in place to assess the performance of those collaborations. At the moment, we do not have those methods of assessment.... There is a statistical reason to think that collaboration does work. However, that does not answer the specific point that you are making in terms of having more concrete, objective evidence of that performance'.

[107] I have asked, 'How many projects?' That could be a little bit difficult to answer, I suppose, but, Minister, I was expecting a more comprehensive answer than 'that information is not held centrally'. As regards efficiency savings, I am told, 'that is information is not held centrally'. At what stage are you going to start analysing whether your collaboration agenda is

working or not? Look at the amounts of money involved—my colleague here Lindsay Whittle mentioned about £10 million, and that is in addition. I know that of the £70-odd million this year, the intermediate care fund is going to take £35 million, but you are talking about £40-something million this year. That is a lot of money. If you are not analysing it, how on earth are you expecting local government to be outcome-driven when the Welsh Government, under your stewardship and that of your predecessor, has no idea how the collaboration agenda is performing?

[108] **Lesley Griffiths:** The 22 local authorities are autonomous organisations. They are monitored by their local electorate—they are the people who put them there—and they are ultimately answerable to their local electorate. On the £10 million for the regional collaboration fund, I know that Carl Sargeant's thinking was that he was hearing from local authorities that the reason they could not collaborate more was because of the cost of setting up collaborative services in the first instance. As I have gone around Wales, even in my previous portfolio as Minister for health, in north Wales, for instance, I saw that the six local authorities in north Wales had got together to provide joint services for looked-after children. I think it was back in February that I launched the service, but it had been in being since the previous October/November, and they could very clearly demonstrate savings of about £20,000. So, it is up to the local authorities to prove that, and, certainly, that is what I have seen. Some collaboration does not work. We heard from Lindsay about the example that did not work. It is very unfortunate, but, ultimately, these are local projects that local authorities are bringing forward. We monitor our own funded projects—RCFs being one of them—but the collaborative projects that local authorities have brought forward themselves are their projects to monitor.

[109] **Christine Chapman:** I want to move on to some other areas. I remind Members that we need concise questions if we want to get through the large amount of scrutiny and information that we need to find out from the Minister. I want to move on to Mike Hedges.

[110] **Mike Hedges:** I have three questions. You mentioned the police. My experience of South Wales Police is that its cuts have meant closure of police stations, forced redundancies of police officers with well over 30 years' experience, and a reduction in the number of police officers. Do you recognise that? The second thing is that you said, 'Learn from the English authorities'. My understanding is that the English authorities have followed the method that you do not particularly like, which is closure of local centres and closure of libraries, some in very large numbers. My main question is about the council tax reduction scheme. You said that it is in the rate support grant. How are you putting it in the rate support grant in such a way that it will go to those authorities that need it, rather than having rurality, for example, as a multiplier in there, which would probably have a negative effect on need?

[111] **Lesley Griffiths:** In relation to the police, that reduction in policing numbers is because of cuts from the Home Office. I gave an example about the control centres. Your views may differ to mine and Peter Vaughan's, but, clearly, the police has demonstrated that it has more efficient services around its control centres. The other thing that the police has done is to send the blankets that are washed from the cells to the NHS, so there has been collaboration with health services, which is again an efficiency in service and means no cuts to the service.

[112] In relation to the council tax reduction scheme—you will be aware that this was due to the abolition of this scheme by the UK Government, and we were left to pick up the pieces last year—I have committed to putting the £222 million that we get from the UK Government into the RSG. I have been having discussions about the shortfall. I have said to local government that it has to share that, and I think it is right that it does that, but I have been very clear that I and all my ministerial colleagues want to protect the most vulnerable people out there. They must be protected as much as possible from any reduction in support and the

CTRS was developed in collaboration with local government and it does provide support to claimants in meeting their locally determined tax bills.

[113] **Mike Hedges:** The point that I am trying to make is: how are you putting it into the formula in order to give it to those authorities that have the greatest need—so that you do not have rurality, for example, being a multiplier in there, as you do for a number of other services, when it probably does not equate to need?

[114] **Mr Kilpatrick:** I must admit the distribution mechanism for the whole of the RSG is a fairly vast and complex formula, as you know. It would probably be worth us writing to you to tell you exactly how we distribute the CTRS element this year and potentially for next year as well. However, I think I am right in saying that, this year, we agreed a methodology with local government that would reflect the best combination of recognising need on the one hand, and demand, which I think is the issue in this case, on the other. That was signed off both by us and by local government. We can provide you with a note on the details.

[115] **Mike Hedges:** Okay. Thank you.

[116] **Christine Chapman:** I want to move on now to Peter Black.

[117] **Peter Black:** Just to follow up on that question, will the £222 million that you are putting into the RSG, plus whatever extra you will put in to cover the 5% shortfall or whatever it is for local government, be distributed by a separate formula to the RSG, although it will be part of that grant?

[118] **Lesley Griffiths:** Yes.

[119] **Peter Black:** So, it will not be subject to the same formula allocation as the RSG, will it? That is my understanding.

[120] **Lesley Griffiths:** We will send a note on that.

[121] **Peter Black:** Okay. Thanks. I want to talk about legislation. Obviously, we have all been very busy passing legislation since we came back after the last election, and most of that legislation has an impact on local government. May I ask what provision you have made in the revenue support grant for local authorities to meet the cost of that legislation?

[122] **Lesley Griffiths:** You are right. Assessing the impact and cost of legislation is an absolutely essential part of the policy development process. The First Minister gave a commitment to ensure that there is consultation and engagement with our stakeholders as we develop the RIAs in relation to Government Bills, and, obviously, local government is included in that. For my part, for the legislation that I bring forward, I ensure that those decisions are taken—for example, with regard to the Local Government (Democracy) (Wales) Act 2013, it was indicated that only minor costs would be incurred by the Local Democracy and Boundary Commission for Wales in its implementation, and that those would be absorbed in its existing budget.

[123] In terms of other Ministers, I am aware that Mark Drakeford agreed a grant of £110,000 each year for local authorities for 2013-14 and 2014-15 in relation to the Food Hygiene Rating (Wales) Act 2013, and I know that he has also provided funding for training for local authority officials as they take that legislation forward.

[124] I have also just been told that the Local Government Byelaws (Wales) Act 2012, which Carl Sargeant took through, actually demonstrated savings.

[125] **Peter Black:** Okay. I think that the biggest hit is going to be from Bills still going through at the moment, in terms of social services and housing. A lot of these Bills have secondary legislation associated with them, and those in themselves often impose costs on local government. How are you ensuring that, when Ministers bring forward secondary legislation, they are making adequate provision for local government to meet the costs of those provisions?

[126] **Lesley Griffiths:** Well, as they prepare and commence secondary legislation, all Ministers have to make sure that funding decisions are taken. I think that, in practice, much of the secondary legislation that is passed by the Welsh Government forms part of the implementation of primary legislation, which has been costed through the RIA process. However, again, it is really important that local government has these conversations with my ministerial colleagues, as well as me.

[127] **Christine Chapman:** Jenny Rathbone is next.

[128] **Jenny Rathbone:** Will you clarify where the money for implementing the Active Travel (Wales) Bill is coming from? Are you able to do that?

10:00

[129] **Mr Lloyd:** Obviously, that will not form part of this Minister's budget; it will be for the Minister for Economy Science and Transport. However, I understand that, as part of the RIA, they have looked at that and that there will be some funding available for the mapping in particular. However, we could ask for a note to be sent on that specific issue.

[130] **Christine Chapman:** Yes, if you would. Thank you.

[131] **Mr Lloyd:** I am sorry, it is John Griffiths.

[132] **Rhodri Glyn Thomas:** Mae'r Pwyllgor Cyllid wedi gofyn i bob pwyllgor edrych ar wariant ataliol. Bu i Gymdeithas Llywodraeth Leol Cymru ddweud yn ei thystiolaeth i'r Pwyllgor Cyllid nad oes cynllunio strategol yng nghyd-destun gwariant ataliol. A ydych yn gallu rhoi darlun inni o'r gwariant ataliol o fewn eich portffolio a sut yr ydych yn mynd ati i gynllunio hynny ymlaen llaw?

Rhodri Glyn Thomas: The Finance Committee has asked all committees to look at preventative spending. The Welsh Local Government Association said in its evidence to the Finance Committee that there is no strategic planning in the context of preventative spending. Could you provide us with a picture of preventative spending within your portfolio and the way in which you plan that beforehand?

[133] **Lesley Griffiths:** It is very difficult to identify the proportion that goes on preventative measures, because that can vary locally from local authority to local authority. It depends on what decisions they take as they take their budgets through. I mentioned before that spending in social services could then keep people out of the NHS, but it is very difficult to identify that. Obviously, each local authority makes decisions based on what they feel they need locally and on their priorities. However, they have statutory duties to support vulnerable children and adults, to provide education services, and they have statutory responsibilities to provide other services.

[134] There is a strong preventative focus to the effective services for vulnerable groups programme, which can identify savings. If you think about domestic abuse, we have the 10,000 Safer Lives project. I am having a review of all services that revolve around domestic abuse and sexual violence, because one thing I wanted to be able to do was to show how we are having 10,000 safer lives. Once again, there has been a huge amount of preventative

spending on that, but it is very difficult to identify that. We are hosting a joint seminar with the Wales Audit Office early next year to look at how we can do this much more clearly.

[135] **Rhodri Glyn Thomas:** Felly, ar hyn o bryd—ac rwy'n derbyn eich bod yn mynd i gael seminar gyda Swyddfa Archwilio Cymru—mae'r penderfyniadau ynglŷn â gwariant ataliol, heblaw'r hyn yr ydych wedi ei ddweud am y grwpiau bregus, yn cael eu gwneud ar lefel leol gan awdurdodau lleol.

Rhodri Glyn Thomas: Therefore, at present—and I accept that you will be having a seminar with the Wales Audit Office—the decisions regarding preventative spending, apart from what you have said about vulnerable groups, are made at a local level by local authorities.

[136] **Lesley Griffiths:** Yes.

[137] **Rhodri Glyn Thomas:** Gan ei bod yn anodd iawn i ganfod beth yn union yw'r gwariant ataliol, neu'r hyn sy'n cynrychioli gwariant ataliol, ac oherwydd ei fod yn amrywio o awdurdod lleol i awdurdod lleol, sut ydych yn gwerthuso'r gwariant hwnnw? Hynny yw, sut ydych yn gwybod ei fod yn gosteffeithiol? Y dyddiau yma, mae cyllidebau yn dynn iawn, mae gwasgfa ar eich cyllideb chi a bydd gwasgfa ar gyllidebau llywodraeth leol—a chawn glywed am hynny y prynhawn yma, ond gallwn ragdybio y bydd gwasgfa yn y fan honno—felly mae'n bwysig gwerthuso pob elfen o wariant. Sut ydych yn gallu gweld a yw'r elfen hon yn gosteffeithiol?

Rhodri Glyn Thomas: As it is very difficult to find out the exact level of the preventative spend, or what constitutes preventative spending, and because it varies from local authority to local authority, how do you evaluate that spending? That is, how do you know that it is cost-effective? These days, budgets are very tight, there is pressure on your budget and there will be pressure on local government budgets—and we will hear about that this afternoon, but we can assume that there will be pressure there as well—so it is important to evaluate every element of expenditure. How can you identify whether this element is cost-effective?

[138] **Lesley Griffiths:** A number of programmes within my main expenditure group obviously have a focus on encouraging and supporting a shift in spending to preventative models of service delivery. Again, I mentioned children, improving the life chances of children and young people, older people, disabled people and vulnerable adults—those who are more likely to be disadvantaged. One way of looking at it would be to look at sustainable spending patterns that recognise and identify prevention and preventative schemes. However, it is a very difficult area to demonstrate clearly.

[139] **Rhodri Glyn Thomas:** Nid wyf am ragdybio'r hyn a gaiff ei drafod yn y seminar a'r hyn fydd y casgliadau, ond a ydych chi'n derbyn, yn gyffredinol, fod angen mwy o gyfeirio canolog yn y maes hwn a bod angen i awdurdodau lleol wybod yn glir iawn beth yw'ch bwriadau chi ynglŷn â gwariant ataliol?

Rhodri Glyn Thomas: Without wanting to pre-empt what will be discussed at the seminar or what its conclusions will be, would you accept, generally, that there needs to be more central direction in this field and that local authorities need to be very clear about your intentions regarding preventative spending?

[140] **Lesley Griffiths:** I think that they are very clear. I have regular discussions with local government and, obviously, local elected members need to scrutinise their own individual local authorities. We can certainly look at it in this seminar to see where we can help local authorities to be able to demonstrate much more clearly.

[141] If you look at social services, at the moment, I and the Minister for Health and Social Services and the Deputy Minister for Social Services have met—we only have one more meeting to go now—with all health boards and the local authorities that fall within the health

boards. We are discussing winter planning as one of the items on the agenda, but the other discussions are about how we can get better integration, for example, between health and social services. It is very clear that the majority of spend in social services is preventative—keeping people in their own homes and out of hospitals.

[142] One of the things that frustrated me greatly when I was Minister for health was that if somebody had a package of care, and not necessarily a complex package of care, as soon as they went into hospital, that package of care stopped. Then, you could not get somebody out of hospital, which led to bed blockages, because the package needed restarting. It has been really encouraging listening to local authorities, because at least four or five of the local authorities that we have met with now do not do that. They reallocate the carers so that they are used elsewhere; they do not just stop that package, particularly if it is recognised that that person might perhaps only be in hospital for a couple of days. So, whereas before, all packages were stopped the second somebody went into hospital, they are using that. Therefore, that is an area where you can demonstrate that preventative spend is keeping people out of hospital, for instance.

[143] **Lindsay Whittle:** Minister, settlement fees and charges are never very popular in local government, as I know from my personal experience when I was leader at Caerphilly council, and I am sure that other Members could tell you the same. Personally, I think that leisure centres should be free to use, actually. I know that we have free swimming for younger people during the summer. Have you met, on your summer travels, any local authority that is bringing in any innovative ideas? In libraries, you could have writers' groups and some of the larger book companies, the DVD and video companies, some big computer businesses, or computer repairers. In leisure centres, you could have sports providers. If Manchester United can sell millions of pounds-worth of shirts, why are we not doing it in our leisure centres? Why are we not bringing in some of the companies that sell healthier foods? There are lots of things that could be done. Are there any innovative ideas that you have discovered, so far?

[144] **Lesley Griffiths:** I think that you are right. Would it not be great if leisure centres could be free? Certainly, when I was Minister for health, I thought that that would be a great idea and I used to lobby my predecessor. I would not say that now, would I? However, it would be great if we had the funding to make leisure centres free for everybody. You are right; we have free swimming. They all start to blend into one, but it was, I think, Merthyr leisure centre that had a women-only early morning group, which was full, and which was great to see.

[145] Yes, I have seen some great innovation, particularly in libraries. In west Wales, I saw libraries being used in a way that I had not seen anywhere else. I think that I mentioned to Peter that I said in the statement in the Chamber that I went to a baby rhyme group, and it was good to see fathers and mothers with their toddlers joining in in music groups. It is difficult to not charge for things. Obviously, local authorities have the ability to charge for a wide range of things, but they have to look at more innovative ways. I mentioned Anglesey and the leisure centre in Beaumaris, I think—

[146] **Lindsay Whittle:** It is Beaumaris.

[147] **Lesley Griffiths:** It is in Beaumaris, yes. It was being run by social enterprise and they were thinking of different ways. I am not sure about selling shirts, but—

[148] **Lindsay Whittle:** Well, it is all money, you see, is it not? We are told to be radical and to think outside of the box. There is actually a lot of disposable income out there for many people, but not for all, and I appreciate that. That is the injustice of it, then, of course—the people who cannot afford to buy the £50-rugby shirt will see this and will become

extremely envious.

[149] **Lesley Griffiths:** I think that it is also about local government working with other partners. Speaking from the point of view of an Assembly Member, in Wrexham at the weekend, I found out that, at the local tennis centre, you do not have to be a member, although people think that it is quite elitist and that you must be a member, but that is not true. I think that it was £5 to hire a tennis court for an hour; for a family of four to be able to have exercise for an hour, I thought that that was quite good value. However, I appreciate that not everyone can afford £5. Therefore, I mentioned that it would perhaps be good to work with the local authority to see whether there was something that could be done in that respect. I think that they need to be looking at innovative ways of working. For instance, if we have a blanket closure of leisure centres, that will only store up public health problems for the future, and it would be extremely short-sighted.

[150] **Lindsay Whittle:** Okay. Thank you.

[151] **Christine Chapman:** Before you move on to your next question, Lindsay—and I know that you have another question—Jenny Rathbone has a supplementary question.

[152] **Lindsay Whittle:** Okay.

[153] **Jenny Rathbone:** I just wanted to pick up on parking charges as a possible revenue source for local authorities. I know that this was raised in last year's draft budget discussions with the Finance Committee. Certainly, in Cardiff, the parking charges are so low that they are actively encouraging people to use cars to come into the city centre, rather than coming in by public transport. One of the purposes of having all the shopping in the city centre was so that people could use public transport. Now, this may be a very different story in other places, but, equally, parking charges should perhaps be levied in these out-of-town centres, because the environmental cost to the whole population is huge. Therefore, how do we get the balance right between not discouraging people to use their town centres to do their shopping and getting them to use the appropriate mode of transport?

[154] **Lesley Griffiths:** Obviously, authorities need to balance the potential for additional income generation with the perverse effects that additional charges can generate. Some local authorities have said to me that, if they put their car parking charges up, they think that town centres would be a less attractive place to visit; it is up to them, really, to get that balance right.

[155] **Christine Chapman:** Okay. I have a flurry of Members now who wish to ask about parking charges, so I will call Peter, then Mike, and then Rhodri.

[156] **Peter Black:** My question is not specifically on parking charges, but follows up on Lindsay's suggestion that every local authority should have a Wayne Rooney in order to sell their shirts. I genuinely do not know the answer to this, but there used to be restrictions on local authorities in terms of the commercial sales that they could make. I was just wondering whether that was still the case, and, if so, will you be reviewing that, to enable local authorities to generate more income?

[157] **Lesley Griffiths:** I do not know the answer to that question; I will look into it and send a note, if that is okay, Chair.

[158] **Christine Chapman:** Okay. Mike Hedges has the next question.

[159] **Mike Hedges:** I wanted to ask the same question. My understanding is that local authorities can only trade if it is incidental to what they are doing. Therefore, they can sell

spare flowers, but they cannot grow flowers for sale. So, really, the question is: if that does exist, will the Minister bring in legislation to allow them to trade?

[160] **Lesley Griffiths:** That is something that we can think about. As I say, I will look into it, because I do not know the answer to that question, but I will send a note and, from there, we can have a look at the way forward.

[161] **Christine Chapman:** Okay, thank you. Rhodri Glyn Thomas has the next questions.

[162] **Rhodri Glyn Thomas:** Gan fynd yn ôl at barcio, yr argraff yr wyf i wedi'i chael o barcio yng Nghaerdydd yw ei bod hi'n eithriadol o ddud i barcio yma. Fodd bynnag, mewn ardaloedd gwledig ac mewn trefi marchnad, mae teimlad gan berchnogion siopau bod rhoi cost ar barcio yn effeithio ar eu gwerthiant, er bod Elin Jones wedi dweud wrthym mewn cyfarfod ddoe, yn Aberystwyth, pan nad oedd unrhyw rwystrau parcio o gwbl, roedd y siopau'n cwyno bod pobl yn parcio yno drwy'r dydd a bod neb, felly, yn gallu parcio er mwyn mynd i'r siop.

Rhodri Glyn Thomas: Going back to parking, the impression that I have of parking in Cardiff is that it is extremely expensive to park here. However, in rural areas, and in market towns, there is a feeling from shop owners that putting a cost on parking has an effect on their sales, even though Elin Jones told us at a meeting yesterday that, in Aberystwyth, when there was no restrictions on parking at all, the shops complained that people were parking there all day and that no-one could park to go to the shops.

[163] Fodd bynnag, a wnewch chi edrych—a thrafod gydag awdurdodau lleol—ar y posibilrwydd o fod yn hyblyg gyda chostau parcio? Er enghraifft, yr oedd awgrym y byddai parcio am ddim cyn 10.00 a.m. neu ar ôl 3.00 p.m., neu barcio am ddim am ddwy awr, yn golygu y gallai pobl fynd i siopa, neu fynd i'r feddygfa, neu ollwng eu plant yn yr ysgol heb gost, ond na fyddai pobl yn gallu parcio yno drwy'r dydd yn rhad ac am ddim. Mae'n ymddangos i mi y gallai'r math hwnnw o hyblygrwydd fod yn effeithiol iawn, tra'n dod ag incwm o barcio i awdurdodau lleol hefyd.

Therefore, will you look at—and discuss with local authorities—the possibility of being flexible with parking costs? For example, there was a suggestion that free parking before 10.00 a.m. or after 3.00 p.m., or parking for free for two hours, would mean that people could go to the shops, go to the surgery, or could drop their kids off at school without being charged, but that people would not be able to park there all day for free. It appears to me that that kind of flexibility could be very effective, while bringing revenue from parking into local authorities as well.

10:15

[164] **Lesley Griffiths:** Yes, I can see that there is potential in what you are saying. I really do think that it is for local authorities to think about that. I mentioned the perverse effects that additional charges could have. You cannot please all of the people all of the time, can you? If you might provide free parking, then drivers are happy but the shopkeepers are not. So, I think that that needs to be looked at. The WLGA may also have a view on that.

[165] **Mr Kilpatrick:** I know that the WLGA did co-ordinate a piece of work a while ago. I am not sure whether it has been published or not, but it looked at fees and charges across local authority services. So, given the level of interest around the table, it may well be that there are some questions that it would be quite happy to deal with.

[166] **Lesley Griffiths:** Obviously, local authorities know their local economic circumstances, but they need to have that flexibility to look at it.

[167] **Christine Chapman:** We will try to get a copy of that; it sounds useful. Lindsay, did

you want to move on?

[168] **Lindsay Whittle:** My question is about the use of reserves. We are often told, as young people, to save for a rainy day, and local authorities are no different. Today, literally, it is a very rainy day indeed, is it not?

[169] **Lesley Griffiths:** It is indeed.

[170] **Lindsay Whittle:** Have you had any meetings with the district auditor? I know that the district auditor likes to tell local authorities to keep certain sums of money for a crisis that could happen in any area. There are over 700 town and community councils, I think, throughout Wales, some of which are sitting on as much as £100,000. I know that one council is sitting on £100,000. It is a lot of money. They could be assisting the county borough councils in terms of street lighting. I know of one community council that offered to take over two community centres and a sports hall, but that offer was never taken up. That is wrong. I think that local authorities should be made to collaborate more with town and community councils and county borough councils. Why does the district auditor insist on so many millions of pounds being kept in banks? It is quite obscene. During the Icelandic banking fiasco, which I really do not want to talk too much about, there was much criticism throughout Wales on how much money local authorities and other public bodies had invested in Icelandic banks, and many members of the public were shocked to discover that there was so much money floating around when they want to see it spent in their communities so that we can regenerate our communities and create jobs.

[171] **Lesley Griffiths:** Presumably, when you refer to the district auditor you are talking about the auditor general.

[172] **Lindsay Whittle:** Yes, the auditor general.

[173] **Lesley Griffiths:** Yes, I have had conversations with him and discussions around reserves, but I will just go back to local authorities and reserves. When I was first appointed, in March, I visited all 22 local authorities and had discussions with chief executives and leaders. I had visited around three or four of them and one of the questions that I always asked was, 'How much do you have in reserves?' I was quite shocked by a couple of the answers. Therefore, I then wrote to all 22 local authorities—I did not wait until I had gone around all 22 local authorities—asking them to let me know what they had in reserves. I can understand a little bit why they did it—they had been putting money into reserves for a rainy day. Therefore, I said very clearly, when I spoke at the WLGA conference, that that rainy day is here. Obviously, there are earmarked reserves and there are reserves that are not earmarked, and I appreciate the difference, but I was saying to them that they now needed to look at using those reserves imaginatively and innovatively.

[174] I know that figures will be published today around this, and I think that they will show, understandably, a reversal in that trend of putting money into reserves. I also know that using reserves just to meet shortfalls in annual budgets is not sustainable in the long term.

[175] **Lindsay Whittle:** But it is more acceptable.

[176] **Lesley Griffiths:** It is a very short-term measure and that is not what I was telling them to do. No-one insists on what they have to have in reserves. It is up to local authorities what they have in their reserves; it is up to them to manage them. Obviously, guidelines are issued, but it is up to local authorities.

[177] You mentioned community councils, and, again, I was very shocked, when I came to this portfolio, at how many town and community councils we have in Wales. There are well

over 700, as you said. I came across one councillor who had eight community councils in her ward. Some of them have huge amounts of reserves; others have very little. You mentioned one that you knew that had offered to take over two community centres and a sports hall. I am not really sure whether that is a reserve issue, but I can see that those conversations would probably now be very welcome between local authorities and community councils. However, as I say, the message that I have been giving to local authorities is that the rainy day is well and truly here. In fact, the umbrellas are up.

[178] **Christine Chapman:** Did you want to come in, Mark, on violence against women?

[179] **Mark Isherwood:** Yes. Sorry. Thank you. I thought that we were still on section 10. Why has the domestic abuse grant been reprioritised before the independent review of services has reported?

[180] **Lesley Griffiths:** It has not been reprioritised. I have protected the budget and I have put extra money into the budget. I have increased it to £4 million in 2014-15 to support the services. Also, you will be aware that I am taking through a big piece of legislation next year around this issue. So, I think that it is right to put more funding into that budget.

[181] **Mark Isherwood:** What outcomes is it intended to achieve, and how will you monitor that?

[182] **Lesley Griffiths:** I have set up the independent review to have a look at services because I want to make sure that there is consistency of services, that they are in the right geographical areas, and that there is sufficient capacity to meet demand. I want to be reassured before I bring the Bill forward that services are taking us in the right strategic direction. I visited the Dyn project in Cardiff on Monday, which is specifically for men. I want to have a look at services in rural areas, because I am told that people in rural areas who are suffering from domestic abuse perhaps have different needs and require different services than those in an urban area. So, this independent review of services is due to report to me by the end of this month. The findings of that review will help me to look at future funding decisions and what we put in the Bill.

[183] **Mark Isherwood:** How will this focus on prevention as well as dealing with consequence?

[184] **Lesley Griffiths:** I am sorry; I missed that, Mark.

[185] **Mark Isherwood:** How will this deal with or fund prevention as well as funding services dealing with the consequences?

[186] **Lesley Griffiths:** The additional money will be used to support the aims of ending violence against women and the violence against women and domestic abuse (Wales) Bill. There are three areas within this Bill that I am looking at, namely the readership; better education, awareness and strengthening; and integrating consistent, effective and quality services. Obviously, that will address the elements of prevention, protection and support. One thing that I want to do is to ensure that all schools in Wales are supported to provide an age-appropriate healthy relationships programme. I have been having discussions with the Minister for Education and Skills as to how we take that forward in the Bill. Certainly, in the responses that we had to the White Paper, that is a theme that came up very strongly.

[187] **Mark Isherwood:** I am aware of the Dyn project. You may wish to look at the domestic abuse safety unit in Deeside, which is now providing a service to men as well as women, although on a gender-specific basis. However, many of the services are being delivered on a joint basis with the Home Office, such as the independent domestic violence

advisers, the independent sexual violence advisers, sexual abuse referral centres, the multi-agency risk assessment conference, and, generally, the UK funding under previous and current Government is on a three-year sustainable basis. How are you planning or intending to jigsaw a fit so that the two sides of the border are sustaining those services and the services on which they depend, some of which are provided by non-statutory providers in terms of the SARCs?

[188] **Lesley Griffiths:** This is a discussion that I was having with the chief constable because, obviously, we fund IDVAs in Wales. There are obviously IDVAs supported from Home Office funding and there are concerns about the budgets in relation to that. I met the IDVA at the Dyn project on Monday, which I mentioned, and it was a conversation that I had with him. You mentioned local government and the third sector; one thing I wanted to ensure was that that budget was protected. As you say, it has not been reprioritised. It is additional funding, and the money has not been taken from local government or third sector budgets to put that extra money into the domestic abuse budget: that has come from other areas in my portfolio.

[189] **Mark Isherwood:** So, are you planning to fit the funding for those key services with the Home Office funding within your proposals?

[190] **Lesley Griffiths:** I am looking at that. We have the independent review of services to look at that. I am keen that our funding does not plug gaps that come from the Home Office, but the role of an IDVA is crucial, and our funding for the 22 IDVAs will continue.

[191] **Mark Isherwood:** It was originally predicated under previous Governments on both sides of the border that there would be shared funding, although there have been issues since then over whether the Welsh Government has acknowledged that that was a fact, because it was not actually a written agreement. Do you recognise that there is a shared funding responsibility for those key services, such as the SARCs and the MARACs?

[192] **Lesley Griffiths:** Yes, I do, and I hope that the Home Office recognises it, too.

[193] **Peter Black:** You increased the domestic abuse services grant by £0.3 million to £4 million next year. Presumably, that will be spent in accordance with the outcome of the review that will be later this year, as I read the budget narrative. Is that correct?

[194] **Lesley Griffiths:** I am sorry, Peter, I missed the last part of your question.

[195] **Peter Black:** In the budget narrative, it says that the final report of the independent review will be due in the autumn. So, I assume that that will be in the next few months.

[196] **Lesley Griffiths:** It is reporting to me by the end of this month.

[197] **Peter Black:** So, will you be reprioritising the money in the light of that review?

[198] **Lesley Griffiths:** If that is necessary.

[199] **Peter Black:** Yes, but you also say in the budget narrative that this money will be aligned to support the implementation of the forthcoming violence against women and domestic abuse (Wales) Bill, and you anticipate that the resource implementation costs of the proposals can be met from within the domestic abuse action of £4 million. Are you in danger of spending that money twice once that Bill goes through?

[200] **Lesley Griffiths:** No. I hope that I have put enough extra in. We will have to see what the independent review comes forward with. We may have to look at the way our

current programmes are delivered. I mentioned rurality, and I think that that could be an issue. In my conversations with people providing those services at the moment, that is an area that has been flagged up with me several times this year. Clearly, legislation costs. So, the reason I have put the extra money in is to look at both of those aspects.

[201] **Peter Black:** Presumably, the Bill will not feed through to the budget until 2015-16.

[202] **Lesley Griffiths:** That is right.

[203] **Peter Black:** So, you will be reviewing that again once the Bill has gone through.

[204] **Lesley Griffiths:** That is right.

[205] **Janet Finch-Saunders:** Has the Welsh Government's decision to ring-fence funding for community support officers had any impact on the spending allocation to the Welsh police forces, bearing in mind that the police general revenue funding will be reduced? My second question is about the longer-term sustainability. While you have guaranteed these up to 2016, how sustainable are these posts if left to the discretion of police and crime commissioners?

[206] **Lesley Griffiths:** I can assure Members that the 500 additional Welsh Government-funded CSO posts will not be left to the discretion of police and crime commissioners. Those of you who joined me last night at the event to celebrate the 500 additional CSOs will know that it was a fantastic event. We have been very clear, again, that those 500 community support officers are additional.

[207] **Janet Finch-Saunders:** Are you going to fund them beyond 2016?

[208] **Lesley Griffiths:** I cannot commit to funding them beyond 2016; that will be for another Government. I have committed to funding them up to 2016. In order for police forces to have those additional CSOs, they have to prove that they are additional. That is closely monitored. Again, it is not to fill gaps from the Home Office. I heard from the chief constable of South Wales Police that he has lost 500 police officers due to the UK Government cuts. There is very much a reliance on our community support officers, and they are sustainable until 2016. Those conversations would have to be had, but they will not be left to the discretion of PCCs.

[209] **Leighton Andrews:** I asked about the youth justice budget, which, obviously, is not increasing. What impact do you think that is likely to have on activity around youth offending and setting priorities?

10:30

[210] **Lesley Griffiths:** Over recent years, the youth justice budget has increased, going from £4.7 million to £5.2 million this financial year. It has increased since 2011-12. I think that this was a really important contribution towards a reduction in the number of people who enter the youth justice system, which is what we want to do, we want to prevent them entering it. We have certainly seen a drop in the numbers that have gone in. However, reoffending rates are not coming down in the way that we would want, and that is one of the reasons why I announced, I think that it was last week or the week before, that I am going to have a stand-alone youth justice Bill.

[211] I have introduced regional allocations this year, and I think that that has resulted in effective collaboration across local authority areas, which we have not seen before, and also some of the budget has been allocated to resettlement projects in Wales, because I think that resettlement is very important. I recently visited Hindley youth offenders institute in Wigan,

where boys and young men from north Wales are in custody. An important part of where they believed that we could make a real difference was resettlement. So, I am very conscious that, again, we need to look at the programmes that we have. Having a Bill will enable us to be Wales specific.

[212] **Leighton Andrews:** If you are not able to increase the budget and reoffending rates are not coming down, are you really going to be able to afford the impact of the Bill?

[213] **Lesley Griffiths:** At the moment, I think that I can, but this Bill will not be introduced until 2015, probably, so it is something that we will have to look at in our budget, just like I have done with domestic abuse, because we have got that legislation coming forward next year—I thought that it was important to put that extra funding in there.

[214] **Peter Black:** I have two points. The first one is in terms of the youth offending teams, which I accept that—[*Inaudible.*] There have been variable inspection reports on those youth offending teams around Wales. I am just wondering whether you are involved in trying to raise the standards in relation to those.

[215] **Lesley Griffiths:** ‘Not specifically’ is the answer to that.

[216] **Peter Black:** However, you would be concerned that any money that you put in is spent in the—

[217] **Lesley Griffiths:** Yes. I have visited Parc where most of our boys and young men who are in custody are to be found, and the reason for going to Hindley was to have a look at what it provides for Welsh people. We have several schemes within the youth justice system, because what we want to do is to keep people out of the system altogether, but I am not aware that I have—

[218] **Peter Black:** Will any of this money be going on restorative justice, in terms of young people?

[219] **Lesley Griffiths:** Are you asking ‘Will it?’

[220] **Peter Black:** Yes.

[221] **Lesley Griffiths:** That is part of looking at the schemes.

[222] **Mr Kilpatrick:** We have a number of projects that are funded from this budget and some of them include elements of restorative justice.

[223] **Peter Black:** Okay. My second point is in relation to the Bill and, particularly, your point about resettlement. I was just wondering what liaison you have had with the Minister for housing in relation to his proposals to change the priority order for homelessness.

[224] **Lesley Griffiths:** I have not met with him yet. We plan to meet and, obviously, that is something that I need to look at.

[225] **Christine Chapman:** I know that Mark Isherwood had one question that he wanted to ask. It was just to go back to another area, I think.

[226] **Mark Isherwood:** I just wanted to ask a question on collaboration. I would also just remind you that our predecessor committee did a report on the youth justice estate, which still has valid recommendations within it.

[227] **Lesley Griffiths:** Thank you.

[228] **Mark Isherwood:** Going back to collaboration, this committee received a letter from SOLACE—the Society of Local Authority Chief Executives and Senior Managers—signed by, I think, Flintshire’s chief executive in his capacity as portfolio lead on finance and corporate. It says that,

[229] ‘Our response is a strategic, apolitical and professional collective view.’

[230] How would you respond to its statement that

[231] ‘expectations over the scope for, and impact of, collaboration have been unrealistic at some levels including Welsh Government circles’

[232] and that

[233] ‘collaboration cannot be a substitute for wider organisational change and major institutional cost overhead reduction’?

[234] **Lesley Griffiths:** My understanding is that my predecessors agreed the Simpson compact with local government, so I am surprised that SOLACE would think that the outcomes of or the desires regarding collaboration were unrealistic.

[235] **Mark Isherwood:** Finally, a report that went to Flintshire’s cabinet on a regional collaboration review says

[236] ‘that this Council’s commitment to collaborations with other local Authorities and public bodies be reaffirmed...as long as a business case is provided and local sovereignty is protected’.

[237] Do you agree with the conclusions of that council?

[238] **Lesley Griffiths:** As I say, I just find it surprising that it would think that that would be the case.

[239] **Mark Isherwood:** I am sure that the committee could share the SOLACE letter with the Minister.

[240] **Christine Chapman:** Yes, we will send the letter to you, anyway. I know that Jenny wanted to come in—we did discuss this, but obviously there are some other issues around this. Jenny, did you want to come in?

[241] **Jenny Rathbone:** I just wanted to clarify something. You said that the majority of the commitments set out in the Simpson compact were due to be reviewed by March of this year, and that waste was not due to be completed until 2018. I am just wondering whether there are other aspects of the Simpson compact that had not been completed, in your view.

[242] **Lesley Griffiths:** What they have been doing is sort of scoping the potential for collaboration, which has been a great deal of work. Reg has been involved a lot longer than I have, so perhaps he can say a bit more about that.

[243] **Mr Kilpatrick:** Where we are currently with the Simpson compact is that the organisational development and Simpson implementation group—excuse the long title; ODSI is the acronym—which is a sub-group of the public service leadership group, which I think we have talked to you about before, has just completed its final review of the Simpson

compact, and concluded that almost all the commitments in that compact have been delivered. Some of those have led to actual projects that are being implemented now, for example, the regionalisation of resilience work, or the regionalisation of trading standards. There was some work done to look at how pension schemes are managed across local authorities in order to generate savings and better returns. Other parts of the Simpson compact continue: education reforms being one, and the Social Services and Well-being (Wales) Bill being another strand of that.

[244] Where we are at the moment is looking to draw a line under the compact and say that it is complete, and we will publish some information on that in due course, but as the Minister says, I think that the key now for ODSI, which is made up almost exclusively of local authority chief executives, is to look at the challenges that next year's budget brings, and for them to consider and bring forward proposals to us about where they can use their leadership, skills and experience to make the biggest differences to services. The other point to make about the Simpson compact is that it was not necessarily about generating financial savings—it was about delivering collaborative services that would also provide more resilient services, so where there were a number of very small services, if you brought them together, that single service might have a greater range of skills and resilience than otherwise. It was about quality—how could services be delivered in a way that would give the citizen a more joined-up or a better experience?

[245] **Jenny Rathbone:** Joe Simpson himself told us last week that progress had been very slow, and the Auditor General for Wales highlighted the fact that, in order to proceed on this, local authorities have got to produce cost-benefit analyses and business plans. If they are not investing the resources in terms of time and energy in doing this, could this be a reason why local authorities had not bid for invest-to-save projects in great numbers?

[246] **Mr Kilpatrick:** I would just say that invest-to-save is one way of doing it, but throughout the three years of the Simpson compact, as you will have seen in our budget, we have had a line for public service improvement, and that is around £1.5 million this year. It was specifically set aside to fund work that was being brought forward by the ODSI group or the effective services for vulnerable people group. We also should not forget the one very significant achievement, which was the national procurement service, which did emerge from Simpson and will deliver many tens of millions of pounds of savings every year back into local authority budgets.

[247] **Jenny Rathbone:** Granted, but there is an awful lot of other, competing business.

[248] **Lesley Griffiths:** If I can just pick up quickly on a key point, the Minister for Finance and I are launching the national procurement service next month, and we firmly believe that will bring forward, as Reg said, between £9 million and £25 million in savings, just from much more efficient delivery. You mentioned invest-to-save. I do think that local government has not taken advantage of invest-to-save in the same way that, for instance, health has. It is something that I have highlighted with local government, particularly in light of the Minister for Finance's announcement last week of an extra tranche. Thirdly, to those who say that local government has not been warned about what is coming, Simpson told them three years ago that challenging financial conditions were coming.

[249] **Christine Chapman:** May I thank you, Minister, and your team for attending today? We will send you a transcript of the meeting so that you can check its factual accuracy.

10:40

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod**
**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

[250] **Christine Chapman:** We shall now break until 11 a.m.. Before that, I would ask whether committee is content for us to move into private session for five minutes under Standing Order 17.42. I therefore move that

the committee resolves to exclude the public from part of the meeting in accordance with Standing Order 17.42.

[251] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:41.
The public part of the meeting ended at 10:41.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 11:02
The committee reconvened in public at 11:02.*

**Cyllideb Ddrafft Llywodraeth Cymru 2014-15—Sesiwn Dystiolaeth gyda'r
Gweinidog Tai ac Adfywio**
**Scrutiny of the Welsh Government 2014-15 Draft Budget—Evidence Session
with the Minister for Housing and Regeneration**

[252] **Christine Chapman:** As you know, we are scrutinising the Welsh Government's draft budget. We have with us today the Minister for Housing and Regeneration. I welcome the Minister, Carl Sargeant; John Howells, director of housing and regeneration; and Steve Hudson, head of finance, homes and places. I thank you for attending today. Also, thank you, Minister, for the paper. The Members will have read it, so we will move straight to questions.

[253] **The Minister for Housing and Regeneration (Carl Sargeant):** Okay, Chair. Thank you. Good morning to you.

[254] **Christine Chapman:** I will start with a broad question. To what extent, do you think, will the reductions in funding for specific programmes within the housing and regeneration portfolio compromise the programme for government commitments?

[255] **Carl Sargeant:** Good morning, Chair and committee. First, we have to set the scene in terms of the very challenging budget that we have had to set. It is about priorities and very tough decisions. Today's local government settlement in another life would make for a very interesting day, but the same principle applies to anyone in government in terms of the budgets that they have. The finances that you have in place are something that you have to deal with. So, in terms of the impacts on my budget, we have had some very careful, thoughtful discussions with the team to look at what its impacts may or may not be, and we measured the impact in terms of equality impact assessments just to look at where we can start making savings and reductions in budgets. Of all the budgets across Welsh Government, Chair, I have not done too badly despite a very difficult budget settlement. Some of the elements within the additionality within the draft budget have been helpful.

[256] **Christine Chapman:** Okay. Thank you. I now call on Jenny Rathbone.

[257] **Jenny Rathbone:** I note that you are planning to eliminate any further funding for the empty properties programme, and that your allocation for homelessness is falling by just over 10%, or 12% in real terms. Can you tell us what the impact of such reductions in funding might have on these types of programmes?

[258] **Carl Sargeant:** With the empty homes or properties, did you mention the empty homes scheme?

[259] **Jenny Rathbone:** Yes.

[260] **Carl Sargeant:** I am really pleased with the progress on the empty homes scheme. We have invested two lots of £10 million in that programme. So, it is really innovative. As the money is recycled, it comes back into the system. It has been well used by local authorities in that process. So, I am less concerned about that, because the money comes back into the system.

[261] In terms of homelessness, that is more challenging. What I have tried to do across all the budget is to look at a holistic approach to delivery. One of the pathways in homelessness is the new legislation that is coming through. So, we are trying to work through a different system. The way in which we deal with homeless people is not reactive, but it is about prevention. So, we are shaping the way that the finances move into that system on a reducing budget, where we can work with local authorities and third sector organisations to do their business differently. We are seeing quite an impressive turnaround in the way that authorities operate, my own authority of Flintshire County Council being one. We had a really challenging process where high levels of support were given to homeless people through bed-and-breakfast accommodation, which was a hugely costly programme. It is now operating in a preventative mode. Therefore, it has reduced its homeless need, and I think that it is now one of the highest-performing authorities in dealing with homelessness. By doing that, it has reduced its cost as well. That is what we are trying to measure with the reduction in the homeless budget, namely a different way of doing business. While the budget is less, we are hoping to do more than that.

[262] **Jenny Rathbone:** What about, also, working with the private sector, because that is where the most expensive rents are?

[263] **Carl Sargeant:** It is. Naturally, the private sector is generally at a higher level in terms of funding. Through the legislative process, we are doing the homeless element of the housing Bill. We are trying to work with the private sector in order to get better relationships to deliver on the homeless agenda. It is about the whole change in the way we do business—it is about prevention as opposed to reactive services later on. It is too late when people are homeless—we have to take preventative measures to stop people from getting into that position.

[264] **Jenny Rathbone:** Overall, how effectively is the funding for housing and regeneration being used in delivering the Welsh Government's objectives?

[265] **Carl Sargeant:** I suppose, in simple terms, that the proof is in the pudding, in going out and seeing these things. In the very short time that I have been Minister for housing, I have visited many projects across Wales where we are seeing new development with housing quality standards, where people's homes are transformed. I have been talking to people to see the implementation of what we are doing in housing. The principles of what we do are about the collective responsibility around the Government's key performance around sustainable development. I think that housing is a fundamental part of that, because if we get that housing

division right, we have economic, social and environmental growth that ticks the box of sustainable development. Those are all the things that we can see in real terms across communities across Wales. Is it enough? No, because we just do not have enough money for the impact of changes in the system that are happening currently, and the ability to build more homes is something on which I am challenging my team constantly in order to try to get more delivery for people in the communities that we represent.

[266] **Jenny Rathbone:** How good are housing providers at copying examples of good practice that have been shown to work?

[267] **Carl Sargeant:** The old adage is that best practice travels badly. We push on that agenda, as to how we can share the best practice, and we are working with organisations such as Community Housing Cymru and the Chartered Institute of Housing to get them to make sure that all their organisations delivering homes—whether that is a local authority or registered social landlords—are delivering on quality. Part of the grant conditions is about delivering on standards and quality. So, we are at a level that I am comfortable with, and we are seeing the delivery of that. However, as ever, the challenge is about the ability to sustain that through finance in the longer term.

[268] **Janet Finch-Saunders:** Going back to the equality impact assessments, were any proposals amended or withdrawn due to their potential impact on the Welsh Government's sustainable development objectives?

[269] **Carl Sargeant:** Through the draft budget process within my department, we looked through the equality impact assessment. Based upon decisions prior to agreement with other parties around the draft budget, there was the potential to have a larger impact on my portfolio—Supporting People is one element—because of discussions with other parties for an agreement, we have managed to mitigate some of those issues that would have had an impact on people in communities.

[270] **Mark Isherwood:** I will move on to the reference to the housing finance grant and the £4 million revenue provision. How will you monitor value for money and what outputs are you seeking to achieve from this?

[271] **Carl Sargeant:** As I think I mentioned, Chair, the way that we issue grants and in the grant conditions, the value-for-money exercise is built in upfront and not just at the end in terms of assessment. There is an expectation of what we require. In terms of the housing finance grant, my outcome will be around 1,000 properties—that is what I expect for the lifetime of the programme. This will, of course, add to the 7,500 target in terms of housing requirements that we have put in our manifesto.

[272] **Mark Isherwood:** Thank you. It is understood, from the evidence that we took from the Council of Mortgage Lenders a couple of weeks ago, that, generally, it is happy with the gearing levels on RSLs balance sheets and that mortgage lenders would be prepared to lend, all else being equal. However, because of grant cuts, RSLs have to borrow more and this, therefore, relates to subsidising their interest costs so that they do not have to put up their rent levels and that they can keep their social rent levels. How can you ensure that Welsh Governments in the future, for 30 years, will honour the £4 million per annum commitment? Do you agree that this is really a bridge at a time of budget shortfall, rather than something that could be sustained in the long term because of the impact on balance sheets?

[273] **Carl Sargeant:** That is an interesting question. I cannot answer for future Governments, in terms of what their plans will be post-election. I can give you an assurance that I am hopeful that this Government will stay in power for a long time, therefore my commitment to deliver this scheme is certainly one that you can be reassured about. There is

collective Government responsibility in terms of the investment made, and it would be a brave Government, of whatever colour, to overturn a financial transaction of this significance, although it is not impossible. The investment is about properties and people, so the £2 million from my department and the £2 million from the finance department are manageable for future years, I believe, post this Government, too.

[274] **Mark Isherwood:** I agree, so I do not think that there would be a problem if our colour was ever involved; my generation might not be around, but 30 years is a long time. What mechanisms are in place to ensure that local authorities are correctly identifying local housing need? You will be aware, as am I, that when it comes down to local level, the people who recognise the need are often very reluctant to recognise it within their own community.

[275] **Carl Sargeant:** Of course. That is a really challenging question. When I came into post, I looked at the whole department. The First Minister brought the planning division as well into the housing and regeneration portfolio. I think that that was a game changer in terms of what we are able to do holistically as a department. I wrote to local authorities in May, making them very aware of a new statutory duty in terms of making local housing market assessments on a two-year basis. They are all very clear now about what the conditions are. There was a lag in the performance of some authorities. However, I have made it clear to them that I expect this to be done. It is an important piece of work that not only builds on the planning system, but is about the delivery of homes, so it is about understanding what the need is locally, and they are under no illusion as to what I expect from them now.

11:15

[276] **Mark Isherwood:** How, for example, could rural housing enablers be better empowered to carry out local affordable housing needs assessments, independently, and then to work with empty homes officers, as well as with council officers, on supply, to start to better address that? It is, therefore, evidence based, as opposed to being based on perceptions or objections.

[277] **Carl Sargeant:** That is the key; evidence is the key to this. Whether that is rural housing groups being enablers to look at this in isolation, I think that it has to be a suite of organisations, as well as the local housing planning authority, looking at the need in an area, and beyond. We have 25 planning authorities in Wales, and there is often too much focus on just what is happening in their local planning region, rather than on what is happening across the board, and people do not respect the broader issue in planning terms and travel-to-work areas, which are really important. Therefore, looking at a piece of work that looks at the housing need for Wales is really important. When you get to the locality of an area, and the role of communities, that is very important, but it should be part of the master plan.

[278] **Mark Isherwood:** Finally, I wish to move to the Help to Buy scheme. You note in your evidence, and otherwise, that this was largely ring-fenced Treasury money—I think that £184.5 million of the £204 million was ring-fenced for capital housing investment by the Treasury, and that £140 million of that will be going on Help to Buy shared equity. Therefore, to what extent was the choice of the scheme that will be launched by you later this year, hopefully, directed by conditionality attached to this funding, and to what extent is it Wales-specific?

[279] **Carl Sargeant:** The scheme is—and I am being very brave in saying this—nearly ready to launch. My team will be panicking now, because there are a few things that we just need to finalise. However, I am confident that we will be able to launch this scheme, and will be making an announcement on it prior to Christmas. The detail of that has been worked up with the Council of Mortgage Lenders, and with builders. Again, it is important to note the tripartite agreement about how we can take this scheme forward. I think that, on the one hand,

I am really pleased that we have an allocation of funding that we are able to use in order to deliver this scheme, but I suppose that the disappointment is that we have to pay it back to Treasury, and the fact that there is a capping element in that process. Therefore, the detail of the scheme will be clearer when I make the announcement later this year, but I believe that it is a positive step forward in terms of helping people to get on the housing market ladder.

[280] **Mark Isherwood:** You refer to paying back; are there any timescales attached to that, or is it simply when the development has run its course, and the multiplier has run through until there is nothing left? You also mention that evaluation and benefits realisation will be built into this. Could you expand on what you intend by that?

[281] **Carl Sargeant:** May I ask my team to explore the detail on the payback and the timescale of that? The detail is scarce, but John might be able to help.

[282] **Mr Howells:** In a technical sense, this money is the same as the money that is being used to fund shared-equity loans in the rest of the UK—certainly in England. That means that it is loan finance, and, as the Minister has made clear, that means that it has to be paid back. A key part of the due diligence that we have to do before this scheme can be successfully launched is to be very clear on the payback terms. They need to be negotiated with the Treasury, because, even if the Minister and I are not around in 2037, someone will be, and there will be an expectation that a sum of money goes back to HM Treasury in 2037. This will be a long payback period, and we are taking very seriously the calculations around how you work out how this money will be made available in order to be paid back. That is a key part of the detailed planning that is happening at present.

[283] **Peter Black:** The money for the Help to Buy Cymru scheme is financial transactions capital. Is there any other financial transactions capital in this budget? I understood that, possibly, it could be the land for housing scheme?

[284] **Carl Sargeant:** There are two elements. There are two £5 million allocations in there, so £10 million in total, for two pilot schemes—one on coastal towns and communities, and one on land purchase for registered social landlords.

[285] **Peter Black:** How are you working the scheme in terms of the payback on that?

[286] **Carl Sargeant:** Again, to be perfectly honest with the committee, this was additionality within the budget. We have not worked the detail up there, but that is what the schemes will be. I am more than happy to give detail to the committee on how that will be. The payment will be returned once we have the schemes up, with more detail.

[287] **Gwyn R. Price:** Are you satisfied that all landlords will update their tenants on the progress of the Welsh housing quality standard? How will you monitor their progress to achieve this?

[288] **Carl Sargeant:** The terms and conditions of the business plan are about how authorities manage the WHQS. As I have said, there are many varieties in how this has been delivered, or will be delivered. I am really pleased that the final three authorities that we were awaiting their clear business plans for the WHQS are now in, and we now have the complete set. I will give you an example. I was in Caerphilly a couple of weeks back. My visit was regarding the WHQS. I was really impressed by the work that it was doing with tenants. There was a lead tenant member of the tenants' participation panel that the authority has on the WHQS. Interestingly, she led the campaign for stock transfer. She is now a lead member. The ballot failed in Caerphilly, did it not? However, the member is now a representative for her community on this tenants' participation panel. She said to me, 'I am so glad that we did not transfer', because the relationship between the authority and the tenants, the way that that

operates, and the delivery of the scheme surprised her. That is just one example of how we measure and can see the quality being delivered in communities. That is a real-life example but a very good scheme that is happening in that authority and in many others too.

[289] **Gwyn R. Price:** What about the private sector?

[290] **Carl Sargeant:** That is a little bit trickier in terms of making sure that tenants are aware, but the relationship between the housing Bill that we are introducing and the renting homes Bill will be about relationships and how the tenant/landlord relationship works. You can always get better at this, but it is a matter of striving to make sure that it is delivered on.

[291] **Gwyn R. Price:** I see that you are employing Altair Consultants. Is that part of the scheme?

[292] **Carl Sargeant:** Consultants, John.

[293] **Mr Howells:** That is part of the evaluation of the current arrangements rather than looking forward to changes that may be introduced by the Bill. All of our major policy interventions come with policy evaluations attached, and Altair Consultants are contributing on that side.

[294] **Gwyn R. Price:** So, will they give you the way forward as well?

[295] **Mr Howells:** The intention is that they will give us recommendations at the end of their study.

[296] **Christine Chapman:** Do you have anything to raise, Mark?

[297] **Mark Isherwood:** Yes. I would like to talk about the Welsh housing quality standard. You referred to stock retention and stock transfer. In both cases, it is a 30-year commitment and it is not just bricks and mortar, and it is not just relationship with tenants; it is a matter of wider sustainable community regeneration. Again, how are you planning to monitor that, not just in one budget year, but over the term? Given that you mentioned the three authorities that have now come along with business plans, on the back of the HRA settlement and the borrowing required—Wrexham has applied for £100 million from you, and I think that Flintshire is applying for £50 million—have you approved these sums? How have you measured that against the desired outcomes, not just the bricks and mortar but the rest, given that the sums are significantly less than the original proposed sums when transfer was being considered? I understand, for example, that there may be compromise on kitchen and bathroom quality, but they are probably looking at the HRA, and that certain areas with the hardest to treat houses thus far do not have any plans.

[298] **Carl Sargeant:** Thank you for that question—I am glad that you asked me that, actually, because it is about celebration of delivery around WHQS. We have all of the authorities with business plans that they are confident about delivering and we are confident about them delivering them. It is about improving the quality and standard of life, not just for tenants but for the community. You are absolutely right. It is a matter of investment, not just in bricks and mortar, bathrooms, kitchens and lagging, but in people too.

[299] Again, it is a matter of how we ensure that the business plan is delivered in terms of people investment, community investment and apprenticeships. All of that is part of the business plan on delivery. We make just over £100 million investment in WHQS per year, but the authorities and RSLs invest much more. It is about the delivery of change to get to a level that is acceptable for living standards and investing again in those people. It is a really important piece of work for my team to make sure that we advance as many community

benefits as possible. I am looking at my grant conditions again, in terms of social housing grants, and at what more we can get beyond bricks and mortar. That is about community change. I have already met with the new Minister, Jeff Cuthbert, to discuss tackling poverty. Again, it is a question of how we can get a cross-cutting theme about getting a bigger bang for our buck in terms of the investments that the Government makes in communities. So, housing is not just about the physical structure of a house, but it is also about a community. That is part of what WHQS is about—the ability to deliver.

[300] In terms of the numbers around HRAS, after long, protracted discussions with the Treasury we finally got to a position—I take all the credit, although previous Ministers of all colours, such as Jocelyn Davies and Huw Lewis, have been heavily involved—on trying to exit this. I must again name check and thank the Treasury, Peter and Danny Alexander for his work in terms of the ability to exit. The problem with this is still the detail. We have worked out the numbers and we have an agreement with local authorities in terms of what their levels of debt will be. We have just clarified that with all of the authorities again, just to firm up on those numbers. We believe that the capping element within the agreement with the Treasury reflects the numbers that were requested by local authorities across Wales. I think that I heard you mention the word ‘compromise’ during your contribution, Mark. I do not think that there is any compromise on the detail of this, in terms of the effects of our exit from HRAS. It will give us over £30 million released back into the system. It is a good-news story for 11 local authorities. We have the ability now to either meet WHQS in the authorities that have not been able to do that, such as Wrexham, Flintshire and Swansea, which I think were the three outstanding, and for the ones that are advanced in that process, like Cardiff, the ability for them to access finance to build more properties. The difficulty is that the finalising of the legislative process is what we are still discussing with the Treasury, and how that will be delivered. That will either be through a Wales Bill or some other method. Ideally, I would like the ability to have some voluntary agreement with local authorities and the Treasury so that we can exit as quickly as possible. That would be the ideal solution, and something that the committee may also have a view on.

[301] **Jenny Rathbone:** I certainly have a view on it, because it is the most distressing line in the budget—this £71 million that council tenants are still paying back to the Treasury. You also have it in your 2015-16 budget. Is there no way that we can exit this painful subsidy to the Chancellor of the Exchequer? Could you also tell us a little bit more about why you think you are going to save £33 million as a result of not having to make this payment?

[302] **Carl Sargeant:** The agreement with the Treasury was about the quantum that we pay back and the debt levels within Wales, along with an agreement with local authorities. The challenge for us was getting agreement from 11 authorities. They are all in different places in terms of their levels of debt and ambition. However, we got that agreement and we then understood the level of capping requirement.

11:30

[303] I have to be careful what I say, because I do not want to upset anyone. The amount of cap that has been requested by the Treasury equates to the amount of money that we requested from local authorities. In an ideal world, I would not want a cap at all. I would want the ability for us to manage that within Wales and to make our own decisions within local authorities. They are prudent enough to have borrowing capacity and it is unlikely that they would be frivolous in the way that they operated to borrow. Therefore, I do not think that a capping regime is actually necessary. However, there is one.

[304] Within that, we are managing the exit. As I said earlier, Chair, the legislative process of this, because of fiscal responsibility not being devolved in this area, is as challenging as getting the 11 authorities to agree in the first place. So, we are in advanced discussions.

Again, I thank the Treasury for the useful dialogue, but in order for us to exit sooner rather than later we really need to have a voluntary agreement with the Treasury and local authorities that we are able to exit HRAS. Otherwise we will have to go through a legislative process that is out of our hands.

[305] **Jenny Rathbone:** So, are you confident that you will get this voluntary agreement in the next financial year?

[306] **Carl Sargeant:** I am not confident. However, I am ambitious.

[307] **Mark Isherwood:** To what extent is the borrowing to achieve WHQS by the three and any of the others predicated upon the HRAS being settled?

[308] **Carl Sargeant:** It is essential.

[309] **Mark Isherwood:** That is now on the record. Thank you.

[310] **Leighton Andrews:** When did you decide to create a single land for housing scheme?

[311] **Carl Sargeant:** Are you referring to the £5 million element?

[312] **Leighton Andrews:** I think that £13 million was referred to in the budget for 2014-15.

[313] **Carl Sargeant:** It is a complicated question. Thank you, Leighton, my colleague. I will ask Steve to respond on that detail.

[314] **Mr Hudson:** Part of it was just for greater transparency around the budget, because we had initial funding for 2014-15 for some land for housing schemes, which was hidden in the social housing grant line. So, we have brought that out to show it separately, plus we have the additional allocation to the financial transaction funding to work with registered social landlords to develop some more innovative land for affordable housing proposals. So, in the case of transparency, it was thought better to bring it together into one specific line so that we can see exactly what we have.

[315] **Leighton Andrews:** So, you have £13.7 million for land for housing. Is that now to be used to be developed by RSLs and local authorities?

[316] **Carl Sargeant:** The pilot scheme will work with RSLs. We have a working group that I set up, led by Robin Staines from Carmarthenshire County Council, looking at housing supply. One of the areas will be about land provision and the release of land, whether that will be local authority, Welsh Government or health land, into a system with innovative finance. This might be part of the package that we would use to stimulate that.

[317] **Leighton Andrews:** Are you expecting a payback from local authorities in terms of their investments on this?

[318] **Carl Sargeant:** It is a financial transaction from part of that funding. So, it will be an agreement of how that fund is repaid.

[319] **Leighton Andrews:** Could it drive other parts of the Welsh Government to release land as well?

[320] **Carl Sargeant:** This piece of work that we are doing is led by Robin Staines, but the

Permanent Secretary is also leading on a piece of work internally on how we can look at the Government's assets. Given that we are in a different place, where finances are challenging, we have to look at sweating the assets of land. He is also doing another piece of work. As a Government Minister, I find it ironic that we have to pay fellow Ministers for their pieces of land when it is all our land—your land. It is just a case of asking how we financially account for this issue. Ministers are all different, and their land is as important to them as it is to me. In terms of housing and the ability to release land, there are two significant pieces of work ongoing to look at how we can engage with that.

[321] **Christine Chapman:** I think that John Howells wants to come in. You do not need to touch the microphone, Mr Howells.

[322] **Mr Howells:** I am not going to make any comment about other departments, but we know we can use grants to acquire land and make housing developments happen. The reason we are calling the new money a 'pilot' is that we have not yet worked out the fine detail of using transaction finance. The challenge there is that we have to generate the money back in so that we can go back to the Treasury, and that goes back to this difficult due diligence area in order to make sure that we can pay back at some point in the future.

[323] **Leighton Andrews:** I am now a little bit confused about this, because there is specific reference in the draft budget document to a land for housing scheme. Is that what this is then? Have all of your funds been brought across the housing regeneration budgets into that scheme and that will drive transaction-based land activity?

[324] **Mr Howells:** Only £5 million is transaction finance; we have traditional grant as well.

[325] **Peter Black:** Just to clarify, some of this £13.7 million is money that is effectively going to be transferred to other departments of the Welsh Government in return for it releasing land for housing. So, how will that work? Are you just saying that you are back-paying other Ministers?

[326] **Carl Sargeant:** I was trying to explain the fact that it still puzzles me why we have to do that. This money will not be used for that purpose; this will be released to RSLs and into seeking land for housing, but, again, it is about the detail around how that is repaid. Sometimes, it is just about viability of land; sometimes, the regeneration of the land is just too costly, but if we stimulate the market with this fund, we can get a return back through the rents or the income in the longer term.

[327] **Peter Black:** So this money will be used as real money by RSLs and local authorities to purchase land outside the Welsh Government.

[328] **Carl Sargeant:** Yes.

[329] **Peter Black:** Unless they are buying land from the Welsh Government.

[330] **Carl Sargeant:** Yes.

[331] **Rhodri Glyn Thomas:** Mae'r Pwyllgor Cyllid wedi gofyn i bob pwyllgor edrych ar wariant ataliol. Felly, os caf eich cyfeirio at y rhaglen Cefnogi Pobl, sydd, at ei gilydd, yn wariant ataliol, roedd diffyg o £5.5 miliwn yn mynd i fod yn y gronfa hon, ond oherwydd y trafodaethau rhwng y **Rhodri Glyn Thomas:** The Finance Committee has asked every committee to look at preventative spending. So, if I can refer you to the Supporting People programme, which, on the whole, is preventative spending, there was going to be a deficit of £5.5 million in this fund, but

Llywodraeth, Plaid Cymru a'r Democratiaid Rhyddfrydol, mae'r arian hwnnw wedi cael ei adfer. Rydych yn blaenoriaethu'r rhaglen hon, ac eto i gyd, rydych wedi sefydlu proses o ymchwil tymor hir i effeithiolrwydd y cynllun. Mae blaenoriaethau rhywbeth sydd â chwestiynau ynglŷn â'i effeithiolrwydd, ar yr wyneb o leiaf, yn ymddangos yn wrthgyferbyniol. A allwch esbonio pam rydych yn rhoi pwyslais arbennig ar y rhaglen hon?

because of discussions between the Government, Plaid Cymru and the Liberal Democrats, that funding has been restored. You are prioritising this programme, yet you have also established a long-term process of looking at the effectiveness of the programme. Prioritising something while questioning its effectiveness, on the face of it at least, appears to be contradictory. Could you explain why you are putting particular emphasis on this programme?

[332] **Carl Sargeant:** Thank you for your question. Again, this is another very important part of my portfolio in terms of what we are delivering on with regard to prevention. When we had the difficult early discussions around budget settlements and potential allocations, this part really troubled me, because Supporting People is a really important piece of work that goes on across all of our communities. I know that you will have all been lobbied by organisations saying 'Don't cut this'. I am in the same place as you, because the Supporting People budget is the last place on which I wanted to start putting pressure. However, the reality is, and from the question that you asked very early on, Chair, that it is about prioritisation and what we can squeeze and where in terms of smaller impacts and still delivering on issues.

[333] Supporting People is a large part of my department budget, and it is therefore extremely challenging if I have to start putting pressures elsewhere to protect it. We tried to balance the sustainable development decisions and equality impact assessments, and what are doing here on a reducing budget is fundamental in determining what I am going to do with the Supporting People grant. I am very grateful for the agreement with the opposition parties in terms of supporting my department particularly on this element.

[334] We are talking about people with learning disabilities and people who are living in refuges because of domestic abuse or violence who are supported through this fund, so it is an important piece of work. In terms of questioning the way that this operates, Professor Sir Mansel Aylward—I am sure that you will be familiar with him—started the review, which you mentioned, into what Supporting People does. We are in a stage of reform and changing the way in which we do business in terms of Supporting People. I do not think that it is a bad thing to challenge the system to make sure that we are getting best value from all of this. It is about the questions and the themes that we have been talking about this morning—how do we make sure that the outcomes of what we are investing in are the right things? So, Supporting People is one of them.

[335] There is a pressure in the system. I will be writing—the letter is prepared and ready to go—to the boards that support Supporting People across Wales, asking them to review their challenging budgets to see whether there are any improvements that can be made and to make sure that the money that we invest in them goes right to the front line and not to boards or businesses that are assumed to be doing good. We need to ensure that the money is getting to the people who need it. So, Supporting People is a big part of my budget. I am grateful for the additionality through the draft budget negotiations, but it is still very challenging. The effects of protecting this budget have a bigger impact on other parts of my department.

[336] **Christine Chapman:** Rhodri, do you want to move on to another question, on this topic or on another one?

[337] **Rhodri Glyn Thomas:** No, it is on another topic.

[338] **Christine Chapman:** Before you do that, I want to bring in Peter Black and Mark Isherwood and then I will come back to you.

[339] **Peter Black:** Thank you, Chair. When we were discussing this particular budget, the sector itself acknowledged that it can make savings and reform the way it delivers. I note that you are still cutting £2.2 million this year and another £4 million the year after from this budget. You say that you are going to write to the providers asking, ‘Can you make savings?’ Is there a more systematic review going on as part of that and what is the process in terms of making sure that any retrenchment in funding does not impact on front-line services? There are efficiencies to be made out there.

[340] **Carl Sargeant:** Prior to the draft budget being announced, I met with the Supporting People network and said, ‘There are some tough decisions ahead, and you need to start planning now’. It has done some work for me on making some percentage-based assumptions on reductions and how that will be best managed. I said that it is not acceptable just to do a 5% reduction for everybody; it has to be targeted. We are dealing with the most vulnerable people in our communities and we have to manage that. It was quite an easy discussion with my Cabinet colleagues, actually, because as soon as I said, ‘I’m going to have to start reducing my Supporting People budget’, the Minister for Health and Social Services was not best pleased, because £1 of my investment saves him £7, or something around that number, in terms of preventative spend. So, they were all saying that they needed to support my ministerial department to protect as much as we can of this.

[341] However, I absolutely agree with you, Peter, and the sector that there is more work to be done to see whether we can get better services for less on the front line. Duplication has to go, but it will be challenging. Some organisations are balanced the wrong way around. They are top-heavy and on the delivery end, they are weak. I will be making sure that we challenge all of the organisations that we fund.

[342] **Peter Black:** The other issue on this is the way that Supporting People evolved from intermediate housing benefit. Effectively, it is unbalanced across Wales, is it not? That is part of the Mansel Aylward review. Is that all part of that process?

[343] **Carl Sargeant:** Yes. One of the tricky elements of delivering on Mansel Aylward’s recommendations is the redistribution formula. Fortunately, local authorities are being reasonable in terms of the way that the distribution formula will need to be delivered at a different pace, because of the reductions in budgets. There are some transitions that will have to be slightly different to what they were expecting, but, again, they recognise that we are in a different place from when Mansel made his recommendations in the first place.

[344] **Mark Isherwood:** As it is a preventative programme, it clearly delivers positive impacts and savings for other departments—health, social services, community safety, et cetera. To what extent, in determining how much funding goes into this, is this being considered on a cross-departmental basis, as it is, effectively, working as invest-to-save for many other ministerial briefs?

11:45

[345] **Carl Sargeant:** As I said earlier, the discussions on the allocations of budgets were challenging, given the quantum of what we have. You will see that the investment in health is really important, but, on the other hand, it was recognised by the Minister for Finance and other Ministers that the investment in Supporting People is well made, because it is on the basis of preventative spend, particularly for the health service, as I said, and for other areas, such as social services, etcetera. If we were to start reducing the Supporting People grant in such a way, it would have a dramatic impact on other departments, so it would be a false

economy, really. So, that was a consideration that was given when the budget lines were issued, albeit that the Minister for Finance had a very challenging job to deliver.

[346] **Christine Chapman:** Thank you. We will go back to Rhodri.

[347] **Rhodri Glyn Thomas:** Rwyf am symud yn awr at ddigartrefedd, Weinidog. Rydych wedi sôn am yr asesiad o'r effaith ar gydraddoldeb y mae Llywodraeth Cymru wedi ei gynnal. A yw'r asesiad hwnnw wedi dangos beth fyddai'r effaith ar y grwpiau gwarchoddedig—sydd yn derm clogyrnaidd, braidd—o leihad yn y gyllideb ar ddigartrefedd?

Rhodri Glyn Thomas: I want to move now to homelessness, Minister. You have talked about the equality impact assessment that the Welsh Government has undertaken. Has that assessment shown what the effect would be on the protected groups—something of an awkward term in Welsh—of a decrease in the budget for homelessness?

[348] **Carl Sargeant:** When we work through the equality impact assessment, it does take into account the characteristics of individuals and the impact on them, and, again, through the homeless provision, that will be complete, too. What I have tried to do—. I keep going back to the challenge of the budget. Making priorities are challenging for any Minister; for anybody who has to make these decisions, it is difficult when you have to allocate funding for one element of your department as opposed to another.

[349] Homelessness is of concern to me, and that is why we are introducing a Bill that will address some of these issues that are long term. We are now seeing the impacts of the welfare changes and, without being overtly political, Chair, they will have an impact on people becoming homeless, I believe, and therefore we have to address some of these issues around how we support them. The suite of things that we are doing, enabling us to mitigate some of these effects, is not directly through the homelessness grant. The investment of £20 million for properties with fewer bedrooms that was announced a couple of weeks ago is just part of the suite of things that we are trying to develop in Wales to meet the need for people to have homes in Wales. So, tackling homelessness comes at one stage and the development of homes comes at the other, and trying to do things holistically so that we can deliver on both is really important to me in my department. So, the legislation, the investment in housing and the way that we change the way that we deliver on homelessness, as I mentioned to Jenny right at the beginning, are a challenge, but I think that we are able to articulate with our partners a different way of doing business. The budget reduction is a tough decision. I do not think that I could have gone anywhere else in this process, but I think that we are still able to deliver and mitigate some of the issues that are affected.

[350] **Mr Howells:** Er ei bod yn ymddangos fel un gyllideb ar gyfer pobl ddigartref, y realiti yw bod ystod o bethau gwahanol yn cael ei ariannu drwy'r gyllideb ac mae modd i ni benderfynu ar y fath o brosiectau sy'n cael eu hariannu yn y dyfodol er mwyn lleihau'r effaith ar y grwpiau gwarchoddedig.

Mr Howells: Even though this appears to be one budget for the homeless, the reality is that there is a range of things being funded through this budget and we are able to decide on the kind of projects that will be funded in future in order to decrease the effect on the protected groups.

[351] **Rhodri Glyn Thomas:** Felly, yr hyn rydych yn dweud wrthyf yw nad yw y grwpiau hyn sy'n cael eu gwarchod—sydd yn derm gwell na 'gwarchoddedig'—yn mynd i weld effaith andwyol, er bod toriad yn y gyllideb.

Rhodri Glyn Thomas: So, what you are telling me is that these protected groups are not going to be affected in a detrimental way, even though there is a cut in the budget.

[352] **Carl Sargeant:** No, I did not say that. Of course, I cannot say to you today that the reduction in budgets will not have an impact on an individual, whatever characteristics are within the equality impact assessment. What I am saying is that we are trying to measure the impact on individuals and the effect of a reduction in the budget and how we are able to best mitigate that.

[353] **Rhodri Glyn Thomas:** Rwy'n derbyn eich bod yn gwneud eich gorau, Weinidog, gyda chyllideb sy'n lleihau, ond rwy'n credu ei bod yn bwysig, os yw'n bosibl, i ni gael gwybod pa effaith y byddai hynny'n ei gael, yn enwedig ar y grwpiau hyn sy'n cael eu gwarchod, sy'n amlwg yn fregus. Ar ben gostyngiad eich cyllideb, y prynhawn yma byddwn yn clywed am ostyngiadau yn y setliad i lywodraeth leol gan y Gweinidog; ceisiom gael gwybod y bore yma beth oedd hwnnw, ond gwrthododd ddweud wrthym: mae'n cadw'r datganiad tan prynhawn yma. Mae toriadau hefyd i gyllideb y trydydd sector. Felly, o edrych ar hyn i gyd, mae'n amlwg bod y grwpiau bregus hyn yn mynd i weld effaith. Yn yr asesiad, a amlygwyd hynny?

Rhodri Glyn Thomas: I accept that you are doing your best, Minister, with a reduced budget, but I do think it is important, if possible, for us to know what impact that would have on those protected groups, who are clearly vulnerable. In addition to the reduction in your budget, this afternoon we will hear about a reduction in the settlement for local government from the Minister; we tried to find out what that would be, but she would not tell us: she is keeping that statement till this afternoon. There are also cuts to the budget for the third sector. So, when you look at all of this, it is clear that these vulnerable groups are going to be affected. In the assessment, was that highlighted?

[354] **Carl Sargeant:** I accept what the Member is saying, in that a reduction will have an impact on individuals, whether they have protected characteristics or not. The issue around the equality impact assessment demonstrates that we measure that impact, asking, 'Will this have an impact?' Well, yes it will. I cannot tell you what the impact will be—as other Ministers, probably—in terms of the detail, because the reduction of services will have a variable impact. Colleagues will know that, if you have less money to invest, that will have an impact on public services. What I am trying to develop with our partners, local authorities and the third sector, is the way we do business on homelessness, changing the direction of travel from reactive spend to preventative spend, so that, as I said earlier on, we can do things differently, hopefully with less. I refer you back to the example I used earlier, of Flintshire, which has reduced its financial investment by a significant amount and yet the services are much better, because it is looking at homelessness prevention officers as opposed to dealing with people who have gone too far down the road in that they are actually homeless and need bed-and-breakfast accommodation or private rented accommodation.

[355] **Rhodri Glyn Thomas:** Mae gennyf un cwestiwn arall, Gadeirydd. Diolch am hynny, Weinidog. Efallai, o ran tegwch, mai mewn blwyddyn y gallem ofyn y cwestiynau hyn, pan rydym yn gallu dechrau gweld effeithiau'r toriadau yn y gyllideb. Fodd bynnag, cyfeirioch yn gynharach at yr effaith sy'n mynd i ddod o'r newidiadau i fudd-daliadau gan San Steffan—mae'r dreth ystafell wely yn un amlwg, yn ogystal â thoriadau mewn budd-daliadau eraill. A ydych wedi gwneud unrhyw newidiadau o ran blaenoriaethau yn y gyllideb er mwyn wynebu'r her honno?

Rhodri Glyn Thomas: I have one further question, Chair. Thank you for that, Minister. Perhaps, in terms of fairness, we could ask these questions in a year's time, when we will be able to see the impact of the cuts in the budget. However, you referred earlier to the effect that will come from the changes to benefits at Westminster—the bedroom tax is an obvious one, as well as cuts to other benefits. Have you changed priorities at all in your budget in order to deal with that particular challenge?

[356] **Carl Sargeant:** Not specifically for that element of welfare reform, in terms of the bedroom tax. However, we are working with—we are trying to seek more data. It is a little bit too early, in terms of assessment of what the long-term impact will be, but we are seeing changes to the way the system operates. We are seeing more debt within the system in terms of registered social landlords, and we are seeing one in four or one in five tenants now, I think, being in debt in direct relation to the bedroom tax. So, the way people are operating is different. I believe that, long term, if you do not get out of the debt system at some point—I know the Member is very interested in this issue and has raised it with me and other Ministers—there is the potential of eviction and losing the property, which creates a situation of homelessness. What we are trying to do, working with associations and housing providers, is to get to a place where we can try to manage that debt or try to alleviate some of those pressures of becoming homeless. It is a huge challenge, and we do not really know yet what the overall impact will be for us. A fair point made by the Member was that we probably will have more detail in 12 months' time or less, and, when I do have more detail, perhaps I will write to the committee just to give you what knowledge I have in terms of the effect welfare reform is having in communities.

[357] **Christine Chapman:** Thank you, Minister. Peter is next.

[358] **Peter Black:** Thank you, Chair. I think Rhodri Glyn Thomas has made the point very well about the prevention aspects of local government in terms of homelessness, particularly where we have well-established housing option services, as in Swansea. Your housing White Paper talks specifically about prevention as a major priority in the forthcoming housing Bill, and you have put £4.9 million back into this budget for the year after next, so I am interested in how that money is going to be spent on prevention, and how you will compensate for any cuts to prevention work in local authorities.

[359] **Carl Sargeant:** That is part of the reason we put money in up front, because we know that to change the way you deliver services is generally—well, the WLGA will answer for itself, but I am sure that it would always say, 'If you want us to change, you've got to give us some money to do it first'. That is usually the starting point. I sort of accept that. There are some financial costs involved in doing that. I do not always agree with the numbers that we use, perhaps, with others. However, we have had some long discussions with the WLGA on the shaping of the Bill. Obviously, there will be more details when I launch that later this year, Chair. However, we know the upfront costs for the programme in terms of the development of the Bill, as in the £4.9 million, which we believe will be the right amount of money for making those changes. The reason we are making an upfront investment is that, longer term, if we get this right, the preventative spend on doing homelessness differently will reap benefits for local authorities and for us. There are already good practice models in Wales; it is just about getting the people who are not doing that to a different place in terms of the legislation and the requirements in that.

[360] **Peter Black:** It is interesting that you put the £4.9 million into that particular budget, because most of the £7 million that is in at the moment is paid out in grants—I think they are section 180 grants. You are talking about spending this extra £4.9 million in a slightly different way from that. I was just wondering: are you creating an expectation in the sector that it will have an extra £4.9 million in section 180 grants?

[361] **Carl Sargeant:** No, because there is a review of section 180 grants as well.

[362] **Peter Black:** Okay.

[363] **Christine Chapman:** Lindsay, did you want to come in?

[364] **Lindsay Whittle:** Yes, thank you, Chair.

[365] Minister, I want to question you on home adaptations and the efforts to keep people in their own communities and their own homes, which is very important. You will be aware that we have just had our own committee review of the adaptations system. One of the recommendations was regarding the rapid response adaptations programme, which is, by and large, carried out and delivered by Care and Repair. Minister, your paper says that the rapid response adaptations programme is protected, but the equality impact assessment says that it is not. Could you clarify which is correct, please?

[366] **Carl Sargeant:** Steve: numbers. [*Laughter.*]

[367] **Lindsay Whittle:** It is all down to numbers.

[368] **Mr Hudson:** There is a slight reduction that comes out in our revenue budgets—I think that it is about £500,000—for the Care and Repair services. We have had to make that as part of the efforts to try to protect the Supporting People grant. The capital funding, however, remains the same.

[369] **Lindsay Whittle:** Right. Is that up until 2016?

[370] **Mr Hudson:** Yes.

[371] **Lindsay Whittle:** It is; okay. Thank you. Could I also talk about the intermediate care fund, which has, of course, been created to enable people to stay in their own homes and to relieve pressure? It is all part of the agreement between the two opposition parties, the Liberal party and Plaid Cymru. Can you provide us details on the purpose of that fund and how you will monitor its outputs?

[372] **Carl Sargeant:** We are still having cross-Government discussions on that fund. The agreement was made with cross-party agreement only a week and a half ago, so we are still working up the detail of what that means. It is predominantly led by Gwenda Thomas in terms of the health and social services relationship, but there are elements within that that will be housing-related, to do with support for people in our communities.

[373] **Lindsay Whittle:** Okay. Thank you very much.

[374] **Christine Chapman:** I have Jenny next, and then Peter.

[375] **Jenny Rathbone:** One of the ways we can do more with less is if we have a clear register of where accessible homes are in each local authority. I believe that you did some work last year on which local authorities have a register of accessible homes, and eight local authorities were still in the process of developing one. Could you tell us what progress they have now made?

[376] **Carl Sargeant:** I must apologise, Chair; I cannot give you that detail today, but I will write to you with a response on that. I do not have that detail with me.

[377] **Christine Chapman:** Okay, thanks. Peter.

[378] **Peter Black:** First of all, in the paper that you have provided to us, Minister, you have missed out the intermediate care fund in the capital budget. It is £15 million short. I was a bit concerned; I thought that I would have to unravel the whole budget negotiations when I saw that paper. Can you confirm that that money is in there?

12:00

[379] **Carl Sargeant:** It is. I am happy, if it is helpful, to send you an amended document. When we sent the papers in, I do not believe that we had agreement.

[380] **Peter Black:** Fair enough.

[381] There is £15 million capital in your budget and there is £35 million revenue in the local government budget for that intermediate care fund. As I understand it, there will be a bidding process around that and that was how it was initially set up. Given that we are cutting, effectively, 10% off Care and Repair, will Care and Repair feature as part of the revenue side of that, to try to make up some of that shortfall?

[382] **Carl Sargeant:** I am not committing to that. I know that Care and Repair is doing a fantastic job of lobbying Members at the moment to ensure that it gets its piece of the cake, too. Let me be very clear: in terms of making our investment, we have to make sure that we get value for money in terms of what that may look like. I have said to the organisation that I have yet to be convinced of the reason that we have 22 Care and Repair agencies across Wales. This is a question that I posed to it. I am still having discussions with it, so I do not know whether it will feature in the financing. However, I expect it—as with all organisations that I am responsible for—to look at its budget carefully to see how we can get the best out of that with less.

[383] **Peter Black:** I believe that Care and Repair was in the initial paper that was put to the Minister for Finance, but it is important that you get the best value for that. I agree with that.

[384] **Mike Hedges:** I will turn to regeneration. Minister, you have said that the existing seven strategic regeneration areas will continue to receive support from the Welsh Government and you have noted that you would ensure that all of the projects that you have committed to are completed. Does that mean that there will probably be no new projects and does it mean that there will be no new strategic regeneration areas?

[385] **Carl Sargeant:** On your last point about whether there will be any new ones, no there will not be any new areas, because the programme was about an allocation of cash within the specific regeneration areas. I am still looking at commitments. Whatever we agree on regeneration will be fully funded. However, we have moved away from that now. We have the Vibrant and Viable Places programme, which we have launched. We are at the second stage of looking at how that will be implemented with our partners across Wales.

[386] **Peter Black:** On legislation, we have already touched on the additional allocation for homelessness as a consequence of the housing Bill; what provision has been made in terms of any secondary legislation that would be associated with that Bill?

[387] **Carl Sargeant:** I am confident that we will be able to manage that within the financial aspect of the Bill. You would not expect me to say anything else, I suppose. However, once again, all of that detail will come through with all of the details on the Bill when I launch it later this year.

[388] **Peter Black:** I am hesitant to ask the next question that has been allocated to me: what money have you put in the budget for the Mobile Homes (Wales) Bill?

[389] **Carl Sargeant:** That is a really good question. As you are aware, the cost of the Bill and the implementation through Welsh Government funding or third-party funding was developed through the passage of the Bill. The numbers that we assume from that are not particularly onerous and will be met from within the Welsh Government's budget.

[390] **Peter Black:** I thought that that would be the answer.

[391] **Jenny Rathbone:** One question that arises regarding the mobile homes Bill relating to holiday homes is that there seem to be a fairly large number of families living in holiday homes who seem to be permanent residents in that area. What will the cost pressures of that be?

[392] **Carl Sargeant:** That is a technical issue; I am not sure how holiday home residents then become permanent tenants.

[393] **Jenny Rathbone:** If you look at the disconnect between those on the electoral register and those registered with GPs, you see that there seems to be a clear indication.

[394] **Carl Sargeant:** There is work ongoing, is there not, with Darren Millar in terms of his backbenchers' legislation, which will look to address that. One of his questions, in fact, is about pressures in public services versus council tax take on permanent holiday sites. That is work for Stage 1—he has Stage 1 leave to bring forward the Bill—and that is something that we will consider at a later date. There are things that he is pursuing that I have sympathy with, in terms of the detail that the Member raises around take from the health service, for example, where there is no return from a holiday park that may have substantial numbers on it.

[395] **Christine Chapman:** I do not think that there are any other questions, Minister, so I thank you and your officials for attending this morning. The Members will be considering your evidence. I will send you a transcript of the meeting for you to check for factual accuracy. Thank you for attending.

[396] The next meeting is on 23 October, when the committee will be scrutinising the Welsh Government's draft budget for 2014-15.

12.06

**Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public**

[397] **Christine Chapman:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42.

[398] I see that you are happy to do that.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 12.06
The public part of the meeting ended at 12.06*