



Cynulliad Cenedlaethol Cymru
The National Assembly for Wales

Y Pwyllgor Cyllid
The Finance Committee

Dydd Iau, 16 Hydref 2014
Thursday, 16 October 2014

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir
trawsgrifriad 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

Peter Black

Democratiaid Rhyddfrydol Cymru
Welsh Liberal Democrats

Christine Chapman	Llafur Labour
Jocelyn Davies	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Mike Hedges	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Ann Jones	Llafur Labour
Julie Morgan	Llafur Labour
Nick Ramsay	Ceidwadwyr Cymreig Welsh Conservatives

Eraill yn bresennol
Others in attendance

Sam Austin	Cyfarwyddwr Gweithredol, Llamau Operational Director, Llamau
Y Cynghorydd/Councillor Ellen ap Gwynn Simon Hatch	Arweinydd, Cyngor Sir Ceredigion Leader, Ceredigion County Council Cyfarwyddwr, Carers Trust Cymru Director, Carers Trust Wales
Ele Hicks	Swyddog Polisi a Chyllid, Diverse Cymru Policy and Funding Officer, Diverse Cymru
Chris Lee	Cyfarwyddwr Gwasanaethau Ariannol, Cyngor Bwrdeistref Sirol Rhondda Cynon Taf Director of Financial Services, Rhondda Cynon Taf County Borough Council
Auriol Miller	Cyfarwyddwr, Cymorth Cymru Director, Cymorth Cymru
Don Peebles	Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth Chartered Institute of Public Finance and Accountancy
Jon Rae	Cyfarwyddwr Adnoddau, Cymdeithas Llywodraeth Leol Cymru Director of Resources, Welsh Local Government Association
Kieron Rees	Rheolwr Polisi a Materion Cyhoeddus, Carers Trust Cymru Policy and Public Affairs Manager, Carers Trust Wales
Dave Street	Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol, Cymdeithas Cyfarwyddwyr Gwasanaethau Cymdeithasol Cymru Corporate Director Social Services, Association of Directors of Social Services Cymru
John Watkin	Prif Weithredwr, Cyngor Gwasanaethau Gwirfoddol Sir Ddinbych Chief Executive, Denbighshire Voluntary Services Council
Lindsey Williams	Cyngor Gweithredu Gwirfoddol Cymru Wales Council for Voluntary Action

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

Bethan Davies	Clerc Clerk
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Tanwen Summers Dirprwy Glerc
 Deputy Clerk
Joanest Varney-Jackson Uwch-gynghorydd Cyfreithiol
 Senior Legal Adviser

*Dechreuodd y cyfarfod am 09:00.
The meeting began at 09:00.*

Cyflwyniadau, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Jocelyn Davies:** Welcome, everybody, to the meeting of the Finance Committee. We have received no apologies this morning. May I remind Members that, if they have mobile devices with them, to check that they are on silent? I would be very grateful.

Papurau i'w Nodi Papers to Note

[2] **Jocelyn Davies:** Before we move to our first substantive item this morning, we have a number of papers to note. We have the minutes of the meeting on 2 October, the minutes of the meeting on 8 October, a letter from Claire Clancy in relation to the Commission budget, and the key performance indicator report. I think that all Members have had that; there are hard copies here for you this morning. Are Members happy to note those? Yes.

09:01

Cyllideb Ddrafft Llywodraeth Cymru 2015-16: Sesiwn Dystiolaeth 3 Welsh Government Draft Budget 2015-16: Evidence Session 3

[3] **Jocelyn Davies:** We will move to our first substantive item. This is evidence session 3 in relation to the Welsh Government draft budget 2015-16. We have with us this morning representatives of the Welsh Local Government Association. May I ask you to introduce yourselves for the record? Then, if it is okay, we will go straight to the first question. Shall we start on my left?

[4] **Mr Rae:** Thank you, Chair. I am Jon Rae, director of resources at the WLGA.

[5] **Mr Lee:** Hi, I am Chris Lee, group director of corporate services at Rhondda Cynon Taf County Borough Council.

[6] **Ms ap Gwynn:** Ellen ap Gwynn, **Ms ap Gwynn:** Ellen ap Gwynn, leader of arweinydd Cyngor Sir Ceredigion. Ceredigion County Council.

[7] **Mr Street:** Dave Street, director of social services at Caerphilly, representing the Association of Directors of Social Services Cymru.

[8] **Jocelyn Davies:** Thank you. I will go straight to the first question. I see in your consultation response that you note that local government is facing the same demographic and other pressures that the Welsh Government has used to justify increased funding for the NHS. What do you believe will be the long-term consequences of unequal treatment of funding for health over local government?

[9] **Ms ap Gwynn:** Diolch, Jocelyn. **Ms ap Gwynn:** Thank you, Jocelyn. I have Rwy'n gweld gwahaniaeth yn barod ar ôl noticed a difference already, having realised

sylweddoli bod y gronfa a sefydlwyd y llynedd, y gronfa gofal canolraddol, wedi diflannu. Mae'n ymddangos bod £10 miliwn o'r arian hwnnw wedi cael ei gynnwys yn y grant cynnal refeniw ar gyfer y flwyddyn nesaf, ond, wrth gwrs, nid oes *hypothecation* o gwbl. Felly wrth edrych ar doriadau o'r maint yr ydym yn edrych arnynt o ran canran i Geredigion, y toriad oedd 4.5%, ond mewn gwirionedd, mae'n debycach i 6.1%. Nid yw'r ffaith bod yr arian i mewn yno yn golygu dim, achos mae gorwariant sylweddol ar ofal henoed yn barod, hanner ffordd drwy'r flwyddyn. Mae'r arian hwn wedi cael ei ddefnyddio i ddechrau paratoi cynllun—mae eisoes yn gweithredu—ar y cyd rhwng iechyd a gwasanaethau cymdeithasol, sef union bwrpas y gronfa a sefydlwyd y llynedd, diolch i rai ohonoch chi a oedd yn gwasgu amdano. Ond, mae wedi diflannu'r tro yma.

[10] Beth sy'n fy mhoeni i yw hyn: os yw iechyd yn cael gymaint yn rhagor o arian eleni, a ydynt yn mynd i roi'r *match* i mewn i sicrhau bod y datblygiadau newydd hyn yn cyrraedd eu llawn twf? Rwy'n credu y byddai'n drueni mawr pe baem yn colli'r gwaith hwnnw, achos mae'r gwaith amlddisgyblaethol hwn yn dechrau gweithredu, ac rwy'n credu bod yn rhaid iddo gael cyfle i ddatblygu. Rwy'n credu ei fod yn warthus ein bod ni, eleni, o fewn y flwyddyn ariannol ac ar fyr rybudd, yn colli £200 miliwn allan o bob math o grantiau nad ydynt yn ganolog i'r RSG, er mwyn eu beilio nhw allan. Mae'n ddrwg gen i, ond dyna'r cyfan y mae'n ei wneud. Rwy'n falch iawn bod Huw Vaughan Thomas o Swyddfa Archwilio Cymru wedi cydnabod y ffaith nad ydynt yn rheoli eu cyllidebau yn iawn. Fel awdurdodau lleol, rydym yn gorfod gosod cyllidebau cytbwys. Nid yw'n deg bod un sector yn gorfod gwneud hyn, a bod sector arall yn llwyddo i redeg i ffwrdd efo gorwariant, flwyddyn ar ôl blwyddyn. Wedyn, byddwn i yn awgrymu y dylai bod neges yn mynd i'r WAO yn gofyn iddo edrych yn fanwl ar y ffordd mae'r byrddau iechyd yn gweithredu ac i ble mae eu harian yn wirioneddol yn cael ei wario—ai ar y gwasanaethau neu ai ar fiwrocratiaeth? Gallwn i gyd weld, wedyn, yn hollol glir i ble mae'r arian yn mynd. Rydym i gyd yn gwybod ein bod yn ymladd i gadw gwasanaethau yng nghanolbarth Cymru ac mae pawb ohonoch, yn eich ffyrdd eich

that the fund established last year, the intermediate care fund, had disappeared. It appears that £10 million of that has been included in the revenue support grant for next year, but, of course, there is no hypothecation at all. So, when we look at cuts of the scale that we are actually looking at, in percentage terms, for Ceredigion, the cut was 4.5%, but in reality, it is closer to 6.1%. The fact that the funding is in there means nothing, because there is significant overspend on care for the elderly already, halfway through the year. This funding was used to start preparations for a joint scheme—which is already in existence—between health and social services, which is the exact purpose of the intermediate care fund established last year, thanks to some of you who pressed for that. However, that has now disappeared.

What concerns me is that if health is to be given so much funding this year, are they actually going to provide the match to ensure that these new developments reach their full potential? I think that it would be a great shame if we lost that important work, because that multidisciplinary work is starting to take effect, and it has to have an opportunity to develop and bear fruit. I think that it is disgraceful that this year, within the financial year, with little notice, we are to lose £200 million from all sorts of grants that are not a central part of the RSG, in order to bail them out. I am sorry, but that is all it is. I am very pleased that Huw Vaughan Thomas from the Wales Audit Office has acknowledged the fact that they are not managing their budgets properly. We, as local authorities, have to lay balanced budgets. It is not fair that one sector is required to do this, but another runs amok with overspend year on year. So, I would suggest that a clear message should be given to the WAO, asking it to look in detail at how the health boards operate and where their funds are actually spent—is it on services or on bureaucracy? We could then all see clearly where this money is going. We all know that we are fighting to retain services in mid Wales and each and every one of you, in your own way, wherever the pressure points are, are doing likewise. Therefore, that is an area that needs to be looked at as a matter of urgency.

hunain, ble bynnag mae'r gwasgfeydd, yn gwneud yn yr un modd. Rwy'n credu bod hwnnw'n faes gwaith sydd angen edrych arno ar fyrder.

[11] **Jocelyn Davies:** Thank you. Does anybody else want to add to that?

[12] **Mr Rae:** I think it is worth pointing out that social services' budgets are about a quarter of local government's net revenue spend. The pressures that social services' budgets face are very similar, in demographic terms, to those faced by the NHS. We estimate—and it is in our evidence paper—that, based on the work that Wales Public Services 2025 did last year, the demographic pressures in social services run at around about 4% a year. So, at a Wales aggregate level, that is about a £50 million pressure.

[13] Many of the services—not only social services, but the other services that local government provides—are preventative in nature: you just have to think about sports and leisure. There will be long-term consequences for NHS budgets in the future.

[14] **Jocelyn Davies:** Thank you. Obviously, the Government produces its strategic impact assessment to go alongside its budget. Do you think that that adequately addressed and explained the consequences associated with this draft budget?

[15] **Ms ap Gwynn:** Nid wyf wedi'i weld, felly ni allaf ateb y cwestiwn hwnnw, sori.
Ms ap Gwynn: I cannot answer that question, because I have not seen it, sorry.

[16] **Mr Street:** Clearly, there are references, but whether it explains it well enough, I would suggest probably not. As Jon has already alluded to, we are at a fundamental point in social services: we have demographic pressures moving forward, and we have the Social Services and Well-being (Wales) Act 2014, which will be implemented in 2016. A fundamental driver of that Act is integration between social care and health. An awful lot of work is going on across Wales to ensure that that is implemented in the way that the Welsh Government, local government and health boards want it to be implemented. That will be increasingly difficult where, financially, the organisations are going in different directions.

[17] My colleague has mentioned the intermediate care fund moneys. They were a real shot in the arm for the integration process last year. They allowed local authorities on a regional basis with their health board colleagues to begin testing initiatives that could undertake that preventative work and work on things such as delayed transfers of care and help the whole system. We are beginning to see some very early fruits of that, but clearly, the loss of that money moving forward means that many, if not all, of those schemes, will now be taken down prior to the commencement of the new financial year.

[18] **Jocelyn Davies:** Okay. Jon did you want to add something to that? Then, Chris, I will come to you.

[19] **Mr Rae:** Yes, just looking at the impact assessment, section 6, I think, covers most of the local government portfolio. Funding for local government is one of the biggest reductions—an unprecedented reduction—but there are just three paragraphs there. I do not think that that is adequate, to be perfectly honest.

[20] **Mr Lee:** I have just a short comment, Chair. The word that was missing for me in terms of the strategic impact assessment was that it read a bit like a strategic positive impact assessment; I did not see any of the negative impacts and I certainly did not see any of the references to any mitigation or action that was needed to address any of those negative

consequences. Much like colleagues have referenced, certainly in terms of social care and other things, the whole issue, I suppose, of the early intervention and prevention side of local government linked through to the longer-term consequences for the population in Wales. I do not think that that comes through as part of that assessment.

[21] **Jocelyn Davies:** Okay, fine. Thank you. Chris, shall we come to you?

[22] **Christine Chapman:** I want to come in on that question, if I could. I think Jon mentioned it and Chris has alluded to it as well, but I wonder whether you could expand on what the impact on the health sector and the Welsh Government budget is likely to be if, for example—and we are seeing this—you cannot support the non-statutory services, such as leisure centres. I know that we talk an awful lot about community trusts and what have you, but the reality is that we are not sure how consistent they are. I just wonder whether you could expand on that point. You mentioned the preventative work. What will be the reality of this?

[23] **Ms ap Gwynn:** Gallaf ateb, hefyd, **Ms ap Gwynn:** I can answer too, if—
os—

[24] **Christine Chapman:** Yes.

[25] **Ms ap Gwynn:** Diolch. Rwy'n digwydd bod yn dal portffolio Heneiddio'n Dda ar gyfer y WLGA. Mae hwn yn faes hollol allweddol i sicrhau ein bod yn gallu delio â'r cynnydd demograffig yr ydym yn edrych arno yn awr. Fel yr oeddwn yn ei ddweud yn gynharach, mae'r bil ar gyfer gofal yn y cartref yn cynyddu'n sylweddol, ond mae niferoedd yr henoed yn dueddol o fod yn yr haen uchaf o ran oedran, sef 80 *plus* erbyn hyn. Mae'n rhaid inni gynnal y boblogaeth—ac rwyf i'n un ohonynt—rhwng 60 a 80 oed. Felly, mae'n rhaid cael y ddarpariaeth ataliol honno i helpu pobl i gadw allan o'r gwasanaeth iechyd ac allan o'r gwasanaethau lefel uchel y mae'r gwasanaethau cymdeithasol yn eu paratoi ar eu cyfer. Yn hynny o beth y mae'r ddarpariaeth hamdden, tai, iechyd cyhoeddus, cynllunio, trafnidiaeth, yn enwedig mewn ardaloedd gwledig, parciau, toiledau cyhoeddus—sydd wedi bod yn fater eithaf poeth—a llyfrgelloedd, er bod llyfrgelloedd yn wasanaethau statudol. Serch hynny, mae pobl yn sôn am dorri llyfrgelloedd hefyd. Rydym wedi symud darpariaeth canolfan ddydd i'r un adeilad â'r llyfrgell a'r archifau yn Aberystwyth er mwyn i'r bobl hynny gael bod yn rhan o gymuned heb gael eu heithrio a'u cadw ar wahân. Felly, maent yn gallu defnyddio darpariaeth y llyfrgell a hel achau yn yr archifau. Mae yna rywbeth iddynt ei wneud yn ogystal â mynd yno i gael y gofal haen isel, os leiciwch chi, y maent yn ei gael yn y canolfannau dydd. Nid yw'r rheini'n

Ms ap Gwynn: Thank you. I happen to hold the portfolio for the WLGA's Age Well. This is a truly key area to ensure that we can deal with the demographic increase that we are currently looking at. As I said earlier, the bill for care in the home is increasing significantly, but the numbers of older people tend to be in the upper tier in terms of age, namely 80 plus by now. However, we have to support the population—and I am one of them—between 60 and 80. So, we must have that preventative provision to help people to stay out of the health service and these high-level services that social services prepare for them, which include the leisure, housing, public health, planning, transport—particularly in rural areas—parks, public toilets—which have been a controversial topic—and libraries, although libraries are statutory services. However, people are talking about cutting libraries as well. We have moved a day centre provision to the same building as the library and archives in Aberystwyth so that those people can be a part of a community and not be excluded. Therefore, they can use the library provision and they can look up their family history in the archives. There is something for them to do as well as having that low-level care, if you like, that they have in the day centres. The day centres are not statutory either. So, there is a wide range of preventative services that can help people to stay vibrant in their communities rather than sitting at home, all alone, and then having to depend on

statudol ychwaith. Felly, mae yna rychwant eang o wahanol gwasanaethau ataliol sy'n helpu pobl i gadw'n fywiog o fewn eu cymunedau yn hytrach nag eistedd gartref, gyda'u pen yn eu plu, ac yna'n gorfod dibynnu ar wasanaethau drud, mewn gwirionedd.

expensive services, in all honesty.

[26] **Jocelyn Davies:** Julie, did you want to come in on this point?

[27] **Julie Morgan:** Yes, I just wanted to come in on that, because you mentioned transport and community transport, and I know that I wrote to you about the Cardi Bach bus. Would you agree, really, that that sort of non-statutory provision is so important for the health of the local population, and, you know encouraging walking along the coastal path, and that these are the sorts of cuts, really, that do alter the quality of life?

[28] **Ms ap Gwynn:** Rwy'n cytuno'n llwyr. Yn anffodus, arian Ewropeaidd oedd arian y Cardi Bach, ac nid oedd yn dod o'n harian craidd ni. Oherwydd datblygiad llwybr yr arfordir, defnyddiwyd peth o'r arian hwnnw yn union fel yr oeddech yn ei ddweud. Mae hynny wedi profi'n hollbwysig. Rydym yn gobeithio y bydd yn gallu ailgychwyn yn y gwanwyn. Maent yn edrych ar ei redeg, efallai, fel gwasanaeth cymunedol o ryw fath, ond wrth gwrs efallai y bydd arian Ewropeaidd ychwanegol, gobeithio, ar gael erbyn hynny.

Ms ap Gwynn: I agree entirely. Unfortunately, the Cardi Bach was funded through European funding, and it did not come from our core funding. Because of the development of the coastal path some of that funding was used exactly as you described. It has proved to be crucially important. We do hope that it can restart in the spring. They are looking at perhaps running it as a community service of some sort, but of course there might be additional European funding available, hopefully, by then.

[29] Jest i ddilyn y pwynt ynglŷn â thrafnidiaeth gymunedol, mae Edwina Hart, y Gweinidog, wedi gofyn i Geredigion a Bro Morgannwg fod yn ddwy sir enghreifftiol, ac mae wedi rhoi arian ychwanegol inni ddatblygu cynlluniau trafndiaeth gymunedol. Mae hynny'n dechrau datblygu yn awr yn ardal Tregaron, er enghraifft, sydd yn ardal eithaf gwledig heb lawer o boblogaeth. Mae rhai cymunedau, yn enwedig Cwm Ystwyth, sydd eto ar gyrion dwyreiniol y sir ac yn isel iawn ei boblogaeth, ei hun wedi cychwyn cwmni cymunedol i redeg bysiau gwirfoddol, gan gydweithio gyda CAVO—y sector gwirfoddol. Felly, mae datblygiadau yn digwydd achos rydym yn ymwybodol iawn bod rhaid i bobl gael mynediad rhwydd i syrteri'r doctor, i'r ysbyty, neu i siopa hyd yn oed, gan nad oes siopau mawrion yn rhai o'n hardaloedd mwyaf gwledig ni. Felly, mae'n hollbwysig, rwy'n cytuno.

Just to pursue the point in terms of community transport, Edwina Hart, the Minister, has asked Ceredigion and the Vale of Glamorgan to be exemplar counties and she has given us additional funding to develop community transport schemes. That is starting to be developed now in the Tregaron area, for example, which is quite a rural area with a relatively small population. Some communities, particularly Cwm Ystwyth, which again is on the eastern border of the county, and also has a low population, has itself started a voluntary community bus service, collaborating with the Ceredigion Association of Voluntary Organisations. So, there are developments happening because we are very aware that people need to have easy access to the doctor's surgery, the hospital, or even to shop, because there are no large shops in some of our most rural areas. So, I agree that it is crucially important.

[30] **Jocelyn Davies:** Chris, we will come back to you.

[31] **Christine Chapman:** My other question is regarding the additional £10 million that has been proposed for social services in the draft budget. How do you think you in local government will demonstrate that such elements of the RSG, which are provided for Welsh Government priorities, are used for the purposes intended?

[32] **Jocelyn Davies:** I think that this is a theme that we often come across: if it goes into the general fund, how do we know that the Welsh Government priorities then will become your priorities for that money?

09:15

[33] **Ms ap Gwynn:** Nid oes *hypothecation*, nag oes? Unwaith y mae yn yr RSG, mae yn yr RSG. Mae'r gorwariant ar wasanaethau cymdeithasol, yn fy mhrofiad i beth bynnag, yn digwydd, ac rydym yn gorfod rhoi mwy o adnoddau i mewn iddynt—o'm rhan i, onid e? [*Torri ar draws.*] Sori?

Ms ap Gwynn: There is no hypothecation, is there? Once it is in the RSG, it is in the RSG. Overspending on social services, in my experience anyway, does happen, and we have to provide greater resources for them—in my experience, anyway. [*Interruption.*] Sorry?

[34] **Ann Jones:** I said that that is my point entirely on hypothecation.

[35] **Jocelyn Davies:** Jon, I am expecting a valiant defence now of the money going into the RSG. [*Laughter.*]

[36] **Mr Rae:** It is very difficult in times of rising budgets, I think, to demonstrate additionality. That is the key feature here. It has been possible in certain areas, and I am sure that there may be questions on education protection later, but I think that local government, when it comes to issues like that, has done a good job in demonstrating that there has been additionality in the funding that it provides to front-line services. However, when it comes to £10 million, in a service that spends £1.2 billion, shares a reduction of some proportion of the £146 million reduction in aggregate external finance, and which faces a pressure of £50 million, I am not sure how easy it is going to be to demonstrate that there has been additionality with such a small amount of money in a big pot.

[37] **Jocelyn Davies:** Mike, did you want to come in on this point?

[38] **Mike Hedges:** I have three very brief questions. The first one is whether social services budgets will be unaffected by the cuts that are taking place to the total amount of money going into local government. I have heard Ministers say up to now that children's services in social services, for example, are being fully protected. The second question is along similar lines. As you know, the standard spending assessment is done by a series of calculations. Are you spending more or less on social services than the standard spending assessment would indicate? The third question is this: if £10 million equates to about £0.5 million per local authority, and if you do it on a population basis, it is worse for Ceredigion at about £250,000, how big an effect will that have?

[39] **Ms ap Gwynn:** Y llynedd, wrth osod y gyllideb ar gyfer eleni, roedd cais am dyfiant o fewn y gyllideb honno o £1.6 miliwn. Er ein bod yn wynebu toriadau, gwnaethom roi £800,000 o godiad iddo. Felly, rydym wedi ymateb i'r galw achos mae'r galw yno, ac mae'n bwysig ein bod yn cwrdd â'r galw crystal ag y gallwn.

Ms ap Gwynn: Last year, in setting the budget for this year, there was an application for a growth of £1.6 million within that budget. Despite facing cuts, we provided an increase of £800,000. So, we have responded to the demand because the demand is there, and it is important that we meet those demands as well as we can.

[40] Roedd yr £800,000 arall wedi dod o'r gronfa newydd, sydd wedi diflannu erbyn hyn achos rydym yn trio ail-lunio'r gwasanaeth er mwyn arbed arian a chydweithio'n well â'r gwasanaethau cymunedol o fewn iechyd. Dyna pam—a dywedaf hyn yma—wrth roi tystiolaeth i Paul Williams, awgrymais mai o fewn llywodraeth leol y dylai iechyd cymunedol orwedd, fel ein bod yn gallu cael y cydweithio yna sydd wir yn angenrheidiol ar y llawr. Mae arnaf ofn bod y gwasanaeth iechyd yn dueddol o ganolbwyntio ar ysbytai, a'n bod yn colli allan o ran gwasanaethau iechyd cymunedol yn llwyr.

[41] Fel y dywedais yn gynharach, rwy'n credu bod gennym *track record* dipyn gwell o reoli cyllidebau nag sydd ganddyn nhw. Wedi dweud hynny, o ran sir Ceredigion—ac ni allaf siarad yn gyffredinol, felly bydd rhaid i fy nghyfeillion wneud hynny—rydym wedi sicrhau bod cynnydd wedi bod, achos rydym yn cymryd sylw o'r shifft ddemograffig hefyd: llai o blant, mwy o oedolion. Rhaid cymryd sylw o hynny. Dyna lle mae'n anodd, braidd, i roi cymaint o sylw i addysg, efallai—i ni, sydd eisoes yn gwario llawer iawn mwy nag unrhyw sir arall y pen i gynnal y cynnydd hwnnw—gan fod y niferoedd yn gostwng.

[42] **Mr Lee:** I have a couple of points, Chair. Specifically in relation to social care, there are huge budget pressures in Rhondda Cynon Taf in particular through the demographics. We have calculated approximately £3 million next year in terms of the size of those demographic pressures. Also, specifically in terms of children's services, I know we talk about the whole social services agenda here, but the looked-after children budget has certainly had a massive financial impact on the council, and, I think, many other councils.

[43] I guess the other point I would make, picking up on an earlier comment, is where we talk about cuts and about quality of life and the type of cuts. I suppose that it is about remembering the size of the envelope, or the size of the cake, that is there, and, actually, when you exclude some of those areas for protection, whether that be education or demographics in social care, and when you consider that, within our budget, we have things like the fire service that we have to pay levies to, and capital charges, et cetera, then, when we talk about a 4% cut to local government funding as being a scenario that we have all budgeted for, what we are actually talking about is a cut of 25% plus in those services that are not protected. That is why many of those quality-of-life-type services are disappearing, because the choices are not about the whole local government budget; it is really about very small elements in the budget. For example, in Rhondda Cynon Taf, 30% of our budget is dedicated directly to schools. So, that is not touchable in terms of the savings that we need to achieve. A further 30% is social care, and we have already referenced the demographic pressures and other pressures that are there. So, 60% of the budget, before we even start considering where we find a £30 million budget gap for next year, is, in effect, protected, given the sort of pressures

The other £800,000 came from the new fund, which has now disappeared because we were trying to reconfigure the service in order to save money and to collaborate more effectively and efficiently with community services within health. That is why—and I will say this here—in providing evidence to Paul Williams, I suggested that community health should lie within local government, so that we can ensure that that collaboration that is so necessary on the ground is in place. I am afraid that the health service tends to concentrate on hospitals, and that we miss out on community health services entirely.

As I said earlier, I think that we have a better track record of managing budgets than they do. Having said that, in terms of Ceredigion—and I cannot speak more generally, so my colleagues will have to do that—we have ensured that there has been an increase, because we do actually take note of the demographic shift: fewer children, more adults. You have to take account of that. That is where it is somewhat difficult to give so much attention to education, perhaps—for us, who already spend far more than any other county per capita to maintain that increase—given that the numbers are decreasing.

that are there. So, sometimes, when we talk of a 4% cut, there is almost an assumption that it will apply across services. In reality, however, it is far bigger than that.

[44] **Jocelyn Davies:** Is what we are hearing true that there is a trend that any headroom you have in your general fund can go into the protected areas anyway, because, as you say, there are overspends in, say, social services in any case? Ffred, shall we go on to your questions?

[45] **Alun Ffred Jones:** Mae'r gymdeithas yn awgrymu y gallai rhai gwasanaethau lleol ddiflannu yn gyfan gwbl oherwydd y toriadau sy'n eich wynebu chi. Sut mae awdurdodau lleol yn blaenoriaethu gwasanaethau, a pha wasanaethau yn benodol a all ddiflannu, os yw'n wir?

Alun Ffred Jones: The WLGA suggests that some local services could disappear entirely because of the cuts facing you. How are local authorities prioritising services, and which services specifically could disappear, if this is true?

[46] **Ms ap Gwynn:** Hyd yn hyn, dim ond hanner ffordd drwy osod cyllideb ar gyfer y flwyddyn nesaf ydym ni, wedi gorfod wynebu toriad arall o tua £10 miliwn ddwy flynedd yn olynol, heb sôn am y toriadau blaenorol. Fy mlaenoriaeth i yw cadw gwasanaethau cyn belled ag y gallwn. Rydym yn gorfod tynnu yn ôl ac ail-lunio hefyd y ffordd y mae'r gwasanaethau yn cael eu cynnig. Er enghraifft, gyda llyfrgelloedd, Ceredigion oedd y sir gyntaf i ddarparu llyfrgelloedd teithiol. Efallai y byddwn yn tynnu allan o adeiladau ond yn cynnal gwasanaethau ehangach na llyfrgell drwy gynnig holl wybodaeth y cyngor—gan fod Wi-Fi, gobeithio, yn mynd i fod ar gael drwy'r sir—yn y faniau, fel ein bod yn gallu parhau i ddarparu, ond mewn ffordd wahanol, a rhatach, gan na fydd yn rhaid inni gynnal adeiladau. Felly, mae'r math hwnnw o feddwl yn digwydd er mwyn inni drïo cynnal gwasanaeth cyn belled ag y gallwn ni mewn ardal wledig. Ond, wrth gwrs—

Ms ap Gwynn: To date, we are only halfway through preparing the budget for next year, having faced another cut of around £10 million two years running, never mind the previous cuts. My priority is to retain services as much as we can. We may have to reconfigure how services are provided. For example, with libraries, Ceredigion was the first council to provide mobile libraries. We may pull out of buildings, but provide a service—not just library services, but all council information—out of vans, because Wi-Fi will be available, hopefully, throughout the county. That way, we can continue to provide, but in a different way and perhaps more cheaply, because we do not have to maintain buildings. So, we are thinking in that way so that we can try to maintain services as far as possible in a rural area. But, of course—

[47] **Alun Ffred Jones:** Ond nid yw newid felly mewn gwasanaeth bychan mewn llyfrgelloedd yn dod ag arbedion i chi.

Alun Ffred Jones: But a change of that kind in a small service such as libraries is not going to bring that many savings.

[48] **Ms ap Gwynn:** Ond mae'n syndod gan faint y mae'n dod pan ewch drwy bob gwasanaeth, un wrth un, a gweld beth y gellid ei wneud. Wrth gwrs, mae'n rhaid rhoi blaenoriaeth i ysgolion, addysg, a gwasanaethau cymdeithasol—dyna'r prif rai—i oedolion a phlant. Mae'n rhaid inni gynnal ein ffyrdd. Rydym mewn ardal wledig, ac, os nad yw'r ffyrdd yn iawn, nid yw pobl yn gallu symud o gwmpas, ac mae trafnidiaeth yn bwysig iawn hefyd. Felly,

Ms ap Gwynn: But it is surprising how much it comes to when you go through each service one by one and consider what actually can be done. Of course, we have to prioritise schools, education and social services—those are the main ones—for adults and children. We have to maintain our roads. It is a rural area, and, if the roads are not in good order, then people cannot move around, and transport is also very important. Therefore, we do have to try to retain that

mae'n rhaid inni drïo cadw'r cydbwysedd hwnnw. Beth yr wyf wedi gofyn iddyn nhw ei wneud eleni yw—. Aethom drwy broses o drawsnewid rheolaeth y cyngor y llynedd. Rydym newydd gael adroddiad asesiad corfforaethol gan y WAO sy'n dangos ein bod yn gwneud yn dda iawn, a dweud y gwir, a bod hynny wedi gweithio. Rydym wedi creu tîm cryfach. Beth rydym yn mynd i'w wneud yw symud o dan y lefel honno, i ailstrwythuro'r rheolaeth ganol, ac rwy'n gobeithio tynnu oddi yno yn hytrach na'r gwasanaethau ar lawr gwlad. Ni fydd yn bosibl i gyd, ac mi wnawn ni fwrw wal yn rhywle, ond rwy'n trio fy ngorau i gynnal gwasanaethau, ac rydym i gyd yn trio ein gorau fel tîm.

balance. What I have asked them to do this year is—. We went through a process of management transformation in the council last year. We have just had a corporate assessment from the WAO, which demonstrates that we are doing very well, if truth be told, and that the process has worked. We have created a more robust team. What we are going to do is to look underneath that level, to restructure the middle management, as I hope to draw from there rather than from services on the ground. That will not be entirely possible, and we will hit a wall at some point, but I am trying my best to maintain services, and we are all trying our best as a team.

[49] **Alun Ffred Jones:** Ond fy nghwestiwn i yw: mae Cymdeithas Llywodraeth Leol Cymru yn dweud y gallai gwasanaethau ddiflannu, ac rwy'n gofyn pa wasanaethau fydd yn diflannu, felly.

Alun Ffred Jones: But my question is: the WLGA has said that some services could disappear, and I am asking which services are going to disappear.

[50] **Ms ap Gwynn:** Y rhai nad ydynt yn statudol, byddwn i'n dweud, yn y pen draw.

Ms ap Gwynn: The non-statutory services, I would say, ultimately.

[51] **Jocelyn Davies:** Chris, do you have something to add to that?

[52] **Mr Lee:** Just a point, I suppose. The question was asked in terms of the planning and strategic nature. I think that there is a twin track. I think that the short term is that we have to set a balanced budget by next March, and that will require local authorities, potentially, to shut or reduce services. I think that we would all like to turn the tap down on services, but, inevitably, there will be the closure of services, as we have seen already. I think, though, that the twin track of it is that there is a longer-term approach. I think that the councillor also referenced the working with communities and the strategy that we need to deliver the services. Unfortunately, between now and next March, I guess the accusation could be, 'Well, surely you had time to plan for this', but actually we did not. Given the indicative budget changes during the year and the scale of changes that we are facing, we are having to accelerate some of the work that we would have wanted to do with those communities in a very short space of time. I just wanted to make that point in terms of the timing.

[53] **Jocelyn Davies:** I suppose the obvious comment following that is that austerity has been around for a number of years, so I do not think that should have come as a surprise to you.

[54] **Mr Lee:** To give the context, Rhondda Cynon Taf County Borough Council originally, up until the summer, was predicted to receive a -1.5% cut, like other colleagues in local government, in terms of the settlement. It finally turned out to be -3.8%. Every 1% variation for Rhondda Cynon Taf equates to over £3.5 million. So, if you talk about a 3% variation, you are talking about a £10 million difference in a budget requirement within that next six months. I would argue that that is a significant change in the bottom line.

[55] **Jocelyn Davies:** You talked about delivering some services differently, but some things you cannot deliver differently, can you? I mean, how can you deliver a community

centre differently?

[56] **Ms ap Gwynn:** Nid ydym yn cynnal canolfannau cymunedol ein hunain; mae'r cymunedau eu hunain yn cynnal y rheini. Rydym yn cynnal canolfannau ar gyfer yr henoed; mae tair ohonynt yn y sir. Efallai y bydd yn rhaid i ni edrych ar hynny. Rydym yn trio eu cyfuno. Mae dwy ohonynt yn rhan o gartefi henoed, ac mae'r llall, fel roeddwn yn ddweud yn gynharach, yn y llyfrgell yn Aberystwyth. Felly, rydym yn ceisio aildefnu a chyfuno gwasanaethau i wneud y gorau o'r adnoddau sydd gennym. Fodd bynnag, ni fydd hynny yn gallu digwydd am byth, achos, fel sydd eisoes wedi cael ei ddweud, flwyddyn yn ôl cawsom wybod bod y toriad o -1.5% yn cynyddu i ni i -5% rhywbeth, er mai -4.4% ydoedd, ond mewn gwirionedd roedd yn -5.1%. Mae'r siroedd gwledig i gyd wedi cael eu bwrw gyda chanran o doriadau uwch na rhai y siroedd eraill.

[57] Nid yw'r fformiwlâu ariannol yn gweithio bellach. Roedd cyn brif weithredwr Cyngor Gwynedd, Harry Thomas, wedi gwneud gwaith i ddadansoddi'r fformiwlâu, gan ddangos bod gwahaniaeth felly. Ar y dechrau, roedd y siroedd yn weddol gyfartal o ran y ffordd roedd adnoddau yn cael eu dosrannu. Erbyn hyn, mae gwahaniaeth mawr yn dechrau ymddangos rhwng ardaloedd gwledig a'r ardaloedd mwy trefol. Rwy'n credu bod hynny yn rhywbeth sydd angen ei ystyried yn syth. Mae Gwynedd, Ceredigion, Penfro, Powys a Dinbych—y rhan fwyaf o'r siroedd gwledig—yn dioddef canran uwch o doriadau. Er nad ydym efallai yn bwrw'r *indices* tlodi yn rhwydd oherwydd bod poblogaeth denau gyda ni, mae pocedi o dlodi gwledig nad ydynt yn cael eu cydnabod, achos mae'r arian ar gyfer Cymunedau yn Gyntaf, er enghraifft, wedi mynd i lle mae'n fwy amlwg. Nid wyf yn dweud ein bod angen lot o arian, ond rydym angen peth arian i allu dygymod.

[58] O ran trafniadaeth wledig, er enghraifft, fel yr ydym wedi ei drafod yn barod, mae diffyg mynediad at wasanaeth i bobl oherwydd lle maent yn byw, ac nid ydynt yn gallu fforddio teithio. Yng Ngheredigion, er nad oes cymaint o bobl efallai allan o waith, mae'r gwaith sydd yna

Ms ap Gwynn: We do not maintain community centres ourselves; the communities themselves do that. We do maintain centres for the elderly; there are three in the county. We may have to review that. We are trying to merge them. Two of them are part of old people's homes, and the other, as I said earlier, is part of the library in Aberystwyth. So, we are trying to reconfigure and merge services to make the best of the resources that we have. However, that cannot go on forever, because, as has already been said, a year ago we were told that this -1.5% cut would increase for us to -5% something, although it was -4.4%, but, in reality, it was -5.1%. All rural counties have been hit with a higher percentage cut than those of the other counties.

The funding formulae no longer work. The former chief executive of Gwynedd Council, Harry Thomas, did some work to analyse the formulae, showing that there is such a difference. At the beginning, the counties were relatively equal in terms of the distribution of resources. By now, there is a huge gulf opening up between rural areas and more urban areas. I think that that is something that needs to be considered immediately. Gwynedd, Ceredigion, Pembrokeshire, Powys and Denbigh—most of the rural counties—are suffering a higher percentage cut. Although we may not be hitting the poverty indices easily because of our dispersed population, there are pockets of rural poverty that are not being acknowledged, because the funding for Communities First, for example, has gone to those areas where poverty is more apparent. I am not saying that we need a huge amount of funding, but we do need some funding in order to cope.

In terms of rural transport, for example, as we have already discussed, there is a lack of access to services for people because of where they live, and they cannot afford to travel. In Ceredigion, although there are not that many people out of work, the work that is there is low-paid. It is a low-wage

yn waith sy'n talu yn isel. Economi cyflogau isel ydyw. Mae pobl efallai yn rhy falch yn aml iawn i wneud cais am y budd-daliadau y dylent fod yn eu derbyn, felly maent yn colli ym mhob ffordd.

economy. People are perhaps too proud to apply for the benefits that they should be receiving, so they are losing out in every way.

[59] Felly, mae llawer o faterion cymdeithasol fel hynny nad ydynt yn cael eu cydnabod o gwbl o ran y ffordd mae'r fformiwlâu yn cael eu dosrannu ar hyn o bryd, ac mae angen edrych ar y rheini ar fyrder, byddwn yn awgrymu.

So, there are a number of social issues of that sort that are not recognised at all in terms of the way in which the funding is distributed at present, and we need to look at that as a matter of urgency, I would suggest.

[60] **Jocelyn Davies:** Ffred, shall we come back to your question?

[61] **Alun Ffred Jones:** No, I—

[62] **Jocelyn Davies:** You are happy. Julie is next.

[63] **Julie Morgan:** Thank you very much. Later on this morning, we are going to be meeting representatives of the voluntary sector, which is, obviously, a very important sector in terms of helping to deliver services and representing the community. Do you think that any changes will be necessary to the way that the voluntary sector is funded by local government and how it delivers services?

09:30

[64] **Ms ap Gwynn:** Efo ni, mae'r trydydd sector yn darparu peth gwasanaeth ar sail cytundeb SLA. Fodd bynnag, y gwir amdani yw, os yw'r gwasanaeth creiddiol yn cael ei dorri, mae arnaf ofn bod pob grant yn cael ei dorri i'r un graddfa. Nid ydym yn eu torri nhw yn llwyr, ond mae'r torriad *pro rata* yn gorfod mynd ar draws y bwrdd, rwy'n ofni, neu byddwn yn methu cynnal ein gwasanaethau statudol craidd. Felly, mae nhw yn bwysig mewn rhai lleoedd, fel roeddem yn sôn o ran y bysys, er enghraifft. Fodd bynnag, mae'n anodd i ni ariannu popeth. Rwy'n credu bod yn rhaid i Lywodraeth y Cynulliad efallai edrych ar, os yw'n teimlo bod lle i'r trydydd sector ddarparu gwasanaethau, a ddylai fod llif arian arbennig ar gyfer y math hwnnw o waith.

Ms ap Gwynn: With us, the third sector is providing some services on the SLA agreement. However, the truth is that, if the core service is being cut, I am afraid that every grant is also being cut to the same extent. We are not cutting them entirely, but the *pro rata* cut has to go across the board, I am afraid, or we will not be able to support our statutory core services. So, they are important in some places, as I mentioned in terms of the buses, for example. However, it is difficult for us to fund everything. I think that the Assembly Government needs to look at, if it feels that there is a place for the third sector to provide services, whether there should be a specific funding stream for that kind of work.

[65] **Julie Morgan:** You said that you are not going to have to—. Are you totally cutting any of their sector grants?

[66] **Ms ap Gwynn:** No.

[67] **Julie Morgan:** So, you are just cutting the amount.

[68] **Ms ap Gwynn:** Yes.

[69] **Jocelyn Davies:** Is your question on this particular point, Nick?

[70] **Nick Ramsay:** It was actually on the previous point that Ellen ap Gwynn made, so does Julie want to finish first?

[71] **Jocelyn Davies:** Julie, you finish yours and then we will come to Nick.

[72] **Julie Morgan:** Could you give us an example? We have obviously had the buses example. Can you give us an example of where you have had to cut the grant, which will have an impact on the services in the voluntary sector?

[73] **Ms ap Gwynn:** Bob un ohonyn nhw. Mae rhes ohonyn nhw, tua 20 a mwy o wahanol fudiadau o Age Concern Cymru i lawr i'r Urdd, Ffermwyr Ifanc a'r holl rychwant hwnnw—Red Cross ac yn y blaen. Ni allaf eu cofio nhw i gyd yn awr, ond mae rhes ohonyn nhw ac mae arian sylweddol yn mynd iddyn nhw, yn tynnu am £50,000 i gyd. Gwnaethon ni dorri 5% y llynedd, ac mae'n edrych yn debyg y byddwn yn torri rhywbeth tebyg eleni oherwydd bod ein toriad ni yn ganolog yn fwy, tua 6.51%, fel yr oeddwn yn dweud, pan gymerwch y *real-terms cut* yn hytrach na'r *cash cut*.
Ms ap Gwynn: All of them. There is a list of them, 20 or more of different organisations, from Age Concern Cymru down to the Urdd, Young Farmers and that whole range—the Red Cross and so on. I cannot remember all of them now, but there is a long list of them and significant funding goes to them, close to £50,000 in total. Last year, we cut 5% and it looks as if we will be cutting a similar amount this year because our central cut is more, around 6.51%, as I said, when you take into account the real-terms cut rather than the cash cut.

[74] **Jocelyn Davies:** Jon, did you want to add something?

[75] **Mr Rae:** It was just to add to the answer to Julie's question. Citizens Advice is obviously an organisation that provides vital advisory services, especially at a time when we have welfare reform and changes such as that. I am sure that, at an all-Wales level, its funding fell by around 6% in the current financial year. Although Fran Targett did not thank local government for that, she was certainly surprised that it was not more. So, I would expect to see some further reductions over the next three years for third sector organisations. They are helping to provide vital services, and the WLGA works very closely with the Wales Council for Voluntary Action and it is about finding those good case study examples so that we can demonstrate that they add value in providing services.

[76] **Jocelyn Davies:** Okay, thank you. Nick, did you want to come in?

[77] **Nick Ramsay:** Yes, thank you, Chair. It was just on the previous point. I thought Ellen ap Gwynn made a good point about the rural funding problem. This has been knocking around for as long as I can remember, going back to when I was a county councillor. Looking at the chart, you are quite right that the rural authorities that you mentioned—Gwynedd, Pembrokeshire et cetera, and my own in Monmouthshire—clearly are being worse affected. In terms of the revenue support grant, clearly it would be quite a major revision to change that. Would you stand by saying, 'Scrap it as soon as possible and have a different formula' or do you think that you could have some sort of Barnett floor-type mechanism, which could be put in in the short term to protect rural areas more?

[78] **Ms ap Gwynn:** Mae chwech ohonom ni fel arweinwyr awdurdodau gwledig wedi cael cyfarfod i drafod y math hwn o beth. Rwy'n credu ein bod ni gyd yn sylweddoli ei fod yn waith mawr i adolygu'r
Ms ap Gwynn: Six of us as leaders of rural authorities have met to discuss these issues. I think that we all realise that it is a major piece of work to review all of the formulae, but that may be a way ahead, to create a fund

fformiwlâu i gyd, ond efallai bod hynny'n ffordd o weithio, sef creu cronfa uwchlaw'r RSG sydd yn cymryd yr ardaloedd gwledig, yr amddifadedd gwledig, os liciwch chi, a'r diffyg mynediad at wasanaethau, i ystyriaeth, fel ein bod yn gallu cael rhyw fath o *top-up* o bosibl ar gyfer gwahanol wasanaethau sydd yn dioddef oherwydd ein bod ni yn fwy gwledig, oherwydd pan fyddwch yn darparu gwasanaeth mewn ardal drefol lle mae popeth yn gymharol agos at ei gilydd, nid oes gennyh y costau trafndiaeth, er enghraifft.

over and above the RSG that takes the rural areas, the rural deprivation, if you like, and the lack of access to services, into account, so that we can have some sort of top-up possibly for various different aspects of service provision that are suffering because we are more rural, because when you provide a service in an urban area that is relatively compact, you do not have the additional transport costs, for example.

[79] Rydym yn mynd allan i ofalu am yr henoed, ond mae'r costau teithio a'r amser teithio yn costio. O ran fi yn dod i lawr fan hyn, er enghraifft, mae'n cymryd dwy awr a hanner i deithio i lawr a dwy a hanner yn ôl. Mae hwnnw'n amser marw i bob pwrpas. Nid wyf yn gallu gweithio. Rwy'n gallu meddwl, ond nid wyf yn gallu gweithio. Nid oes gennyf yrwrwr i fy ngyrru i lawr; mae'n rhaid i mi yrru fy hun. Felly, mae llawer o amser wast oherwydd fod yn rhaid i bobl deithio ac nid yw hynny'n cael ei gydnabod. Nid yw'r fformiwlâ i drwsio'r hewlydd, er enghraifft, yn cydnabod pellteroedd yr hewlydd yr ydym yn gorfod edrych ar eu holau ychwaith. Felly, mae gwendidau mawr yn y ffordd y mae'r RSG yn cael ei ddosrannu. Efallai fod lle—ac y mae hwnnw'n syniad ardderchog y byddem am ei hyrwyddo—i gronfa ychwanegol ar gyfer materion gwledig.

We go out to care for older people, but the travel costs and travel time is expensive. In terms of me coming down here, for example, it takes two and a half hours to travel down and two and a half back. That is dead time to all intents and purposes. I cannot work. I can think, but I cannot work. I do not have a driver to drive me down; I have to drive myself. So, there is a lot of wasted time because people have to travel and that is simply not taken into account. The formula for road maintenance, for example, does not take account of the miles of roads that we have to look after either. So, there are huge defects in terms of how the RSG is distributed. Perhaps there is scope—and that is an excellent idea that I would wish to promote—for some additional fund for rural issues.

[80] **Jocelyn Davies:** Peter, shall we come to your questions?

[81] **Peter Black:** My first question has mostly been answered because it is about indicative budget figures and how you have managed to plan ahead for them. Just coming back to Ellen's answer, is it the WLGA's position, therefore, that the formula is not fit-for-purpose and that it needs to be reviewed to help rural authorities?

[82] **Mr Rae:** I think that the WLGA's position is rightly reflected in the back of the distribution sub-group report. The distribution sub-group is the group that looks at the funding formula. I will hold my hand up and say that I sit on that group and also point out that my colleague, to my left, also sits on that group. There are two independent members on that group, who are both academics, and there is a representative from a fire authority who has past experience of these things. I think that their view is that the funding formula is creaking. Nick's question was quite right in that you would not throw everything in the air here certainly at the minute because the scale of the turbulence of the reallocations in RSG—in the £4 billion—would be pretty frightening for many. However, there is certainly a need to look at the underlying methodology of the funding formula. It was designed in an age that we just do not have anymore—an age of rising budgets. The method was looked into by academics back in 2001. It certainly needs a refresh. That would be the WLGA's position.

[83] **Mr Lee:** Just to comment, at the risk of being kicked under the table, I guess you can

equally apply the argument in terms of deprivation and the issues that authorities face. Representing a Valleys authority, the service issues linked to deprivation—we have just referenced social care and other issues—are significantly acute in those types of areas. The one thing that I would also add to Jon’s comments is that in terms of the distribution sub-group, we are reviewing the formula and are looking at it in terms of specific areas. In particular, the DSG report has identified opportunities around education and waste, where we can look at more of a needs-based approach, and that is something that we are trying to work through.

[84] **Peter Black:** In terms of the formula, first of all, there is a floor put in for the smaller authorities this time, albeit top-sliced from everybody else. However, the distribution sub-group reviews the formula every year and local government is part of that process. Is not the main problem, in terms of the smaller authorities like Ceredigion, that the formula is largely driven by population statistics and that the bigger authorities benefit because of that?

[85] **Ms ap Gwynn:** Nid oedd hwnnw’n **Ms ap Gwynn:** That was not true at the beginning, so something has happened.
wir ar y dechrau, felly mae rhywbeth wedi digwydd.

[86] **Peter Black:** No, that has always been true.

[87] **Jocelyn Davies:** Hold on; let us not all get into coming up with a new formula on this committee.

[88] **Peter Black:** I am just trying to get an indication from the members of the distribution sub-group.

[89] **Jocelyn Davies:** I think that the feeling that I am getting is that, with a decreasing budget, there is more focus on the formula and there is a feeling that perhaps it might not be entirely fit-for-purpose in the modern age and, of course, if you put in weightings for deprivation and for population and rurality—if you weight everything—you kind of defeat the object of having a formula. Maybe that is something we can reflect in our report.

[90] **Peter Black:** I am not entirely sure that that is how the formula works, to be honest. The members of the distribution sub-group might be able to help us, but I would be interested in an answer to my question.

[91] **Jocelyn Davies:** Something we often hear from Welsh Government, when people complain about the formula, is that local government supports the formula, because of your representation on that group, which every single year gets to make representations on it.

[92] **Mr Rae:** You are right. I see it as a good partnership working forum where we work very closely with civil servants. It is actually the civil servants who, in local government finance, do most of the underlying statistical analysis on the formula, but, more and more, we are seeing finance director colleagues and the WLGA stepping in and helping out with the work. To try to answer Peter’s question, there are numerous adjustments in the formula for various factors. There are 54 variables—it is a highly complex formula—most of which are underpinned by statistical analysis. There are adjustments for rurality, both in terms of diseconomies of scale of service provision and the travel time issue that Councillor ap Gwynn pointed out. The question is: are the weightings correct? Have they become a bit out of date? I think maybe the answer is that they have. We need to look at a more needs-based approach that is not as reliant on these big variable elements such as pupil numbers and population. There is another side of the argument for certain authorities, which is very important.

[93] **Peter Black:** Presumably the WLGA is taking that up in the sub-group, is it?

[94] **Mr Rae:** Yes, definitely. As Chris pointed out, there is a focus. You cannot change everything all at once, as a focus on the education formula, or the waste formula.

[95] **Ms ap Gwynn:** A allaf i ddod yn ôl ar hynny? **Ms ap Gwynn:** May I come back on that?

[96] **Jocelyn Davies:** Yes, very briefly, because we need to move on to the rest of the questions.

[97] **Ms ap Gwynn:** Nid yw hyn yn uniongyrchol ar yr RSG, ond mae'r un patrwm i'w weld yn y ffordd y mae grantiau eraill yn cael eu dosrannu. Er enghraifft, rydym wedi colli grantiau Cymunedau yn Gyntaf. Nid oes dim bron wedi dod, hyd y gwn i, i'r ardaloedd gwledig, er efallai fod un yng Ngwynedd. Rydym wedi colli'r rhai oedd gyda ni. Mae yna bocedi—bach, rwy'n cydnabod, ond maent yno—sydd angen y gefnogaeth honno.

Ms ap Gwynn: This is not directly on the RSG, but the same pattern can be seen in the way other grants are distributed. For example, we have lost the Communities First grants. Nothing has come, as far as I know, to the rural areas, although there is perhaps one in Gwynedd. We have lost those we had. There are pockets—I acknowledge that they are small, but they are there—that need that support.

[98] Mae'r un peth yn dangos yn y system pedair rhanbarth i wella addysg. Mae cronfa newydd, Schools Challenge Cymru—yr holl ffordd o Loegr o ran syniadaeth—sy'n £20 miliwn. Caiff ei rhannu yn £5 miliwn rhwng y gorllewin a'r gogledd, a £15 miliwn ar gyfer y de-ddwyrain. Ydy hynny'n deg? Byddwn yn gofyn y cwestiwn hwnnw. Pwy, ac ar ba sail, sydd wedi dosrannu'r arian hwnnw? Rydym ni wedi dewis, fel sir, i fuddsoddi mewn addysg dros y blynyddoedd, ers cychwyn y cyngor. Mae canlyniad Estyn wedi dangos bod hynny wedi talu ar ei ganfed. Ond, nid yw'n dilyn hynny nad oes arnom angen y gefnogaeth ariannol i sicrhau bod safonau'n cael eu cynnal.

The same is showing in our system of four regions to improve education. There is a new fund, Schools Challenge Cymru—all the way from England in terms of its concept—which is worth £20 million. There is a share of £5 million for west and north Wales, and £15 million for south-east Wales. Is that fair? I would ask that question. Who, and on what basis, has distributed that funding? We have chosen, as a county, to invest in education over the years, since the beginning of the council. Estyn's results has shown that is has paid dividends. However, it does not follow that we do not need funding support to ensure that standards are maintained.

[99] Eto, oherwydd diffygion yn y ffordd y mae'r arian 16 plws yn cael ei ddosrannu, mae ein hardaloedd gwledig ni'n dechrau dioddef o ran darpariaeth FE ac addysg chweched dosbarth, oherwydd niferoedd llai a theithio mwy. Mae hyn eto yn gwastraffu amser yn teithio a gwastraffu arian, ac mae'r economi werdd yn colli allan. Mae lot o ffactorau yma nad ydynt yn cael eu cydnabod pan ddaw cronfeydd newydd i fodolaeth. Byddwn yn rhoi hynny ar y bwrdd i chi hefyd.

Again, because of the deficiencies in the way post-16 funding is distributed, our rural areas are starting to suffer in terms of FE and sixth form provision, because of smaller numbers and further distances to travel. This is again wasting time travelling and wasting money, and the green economy losing out. A lot of these factors are not being acknowledged when new funds come into existence. I would want to put that on the table as well.

[100] **Jocelyn Davies:** Julie, shall we come to your questions?

[101] **Julie Morgan:** How effective do you think the Welsh Government has been in

working with local government to prepare for these cuts?

[102] **Jocelyn Davies:** I can see by your face, but we cannot put your face in the transcript. So, you are going to have to say something. Have you been working hard with the Welsh Government in order to brief—

[103] **Ms ap Gwynn:** Dehonglwch iaith y corff—ddim o gwbl a dweud y gwir. Efallai y bydd Jon yn gallu dweud yn wahanol, neu rai o'r swyddogion. Ond, o ran gwleidyddiaeth, na. Flwyddyn yn ôl, fel roeddwn yn dweud, cawsom wybod, yn ddirybudd, fod yn rhaid inni wynebu bron £10 miliwn o doriadau, yn hytrach na'r £3 miliwn neu'r £4 miliwn yr oeddem yn ei ddisgwyl. Roedd yn rhaid i bawb droi ati. Eleni, o leiaf cawsom ni rybudd ym mis Mehefin, ond nid yw hynny'n gwneud y peth yn rhwyddach o gwbl.

Ms ap Gwynn: You can interpret my body language—not at all, really. Perhaps Jon can tell you differently, or some of the officials. However, in terms of the politics of this, no. Last year, as I said, we were informed, just like that, that we would face an almost £10 million in cuts, rather than the £3 million or £4 million as we were expecting. Everyone had to set to it immediately. This year, we were at least given warning in June, but that does not make it any easier.

09:45

[104] **Julie Morgan:** You said that you were given a warning, but did you have anything beyond a warning, such as a discussion about it?

[105] **Ms ap Gwynn:** No.

[106] **Mr Rae:** We have worked closely with the Welsh Government since the onset of austerity, since around 2009-10. I think that it was around about 2010 that the Minister with responsibility for public services, which I think was Jane Hutt, at the time, set up the efficiency and innovation board. I think that that was a useful development; it focused across a number of areas in public service reform, from national assets through to procurement and workforce issues, under transformational service delivery. That was a good national model of public service reform. Then, it kind of changed to the public service leadership group, where, from a local government perspective, we thought that that had a narrower focus and we thought that it maybe was not as good a partnership arrangement as the efficiency and innovation board was.

[107] Now, you can see some of the work streams; I am still not sure where the PSLG itself is, in posing its own existential questions. However, I suppose that that is an issue for a public accounts committee, asking the question of whether it has delivered on the measurable benefits that it said it was going to achieve at the outset, because I think that the achievements of some of the work streams around public service leadership have been modest. I do not mean that in a negative way. For example, the national procurement service is a very welcome development, saving £25 million, and that is not in one year, but over a number of years. In its first year of existence, this year, it has saved something like £4.5 million, of which local government spend accounts for about two thirds. It is a welcome contribution, but it is not bridging the £250 million gap that local government has as a budget shortfall this year. So, it is a welcome contribution, but it does not really help us to bridge the total gap.

[108] **Christine Chapman:** On that point, you talked about slightly different systems, so do you think that there is an issue of making sure that things have time to bed in? You talked about the public service leadership group and the innovation group. Do you think that there were too many rapid changes?

[109] **Mr Rae:** I think that would be a fair assessment. That portfolio has jumped around

from Minister to Minister and, naturally, Ministers want to put their own stamp on things. However, that change from the efficiency and innovation board to the public service leadership group, with the EIB, was across the public sector; it was not just local government that partnered up on that, as there was the third sector and representatives from the WAO who sat on many of the work streams. It felt like it did not have time to take off. Just when you thought it was having some kind of purchase, it suddenly morphed into the public service leadership group, which we think was less effective.

[110] **Julie Morgan:** I have one last question. When the Minister for finance gave evidence to us here, she emphasised the funding that was provided to local government outside the RSG and, in particular, support for borrowing and for social housing. Have you had any discussions with the Welsh Government about those areas?

[111] **Mr Rae:** I will take the first point, which was on support for borrowing. We worked very well with the strategic budget team in the Welsh Government and with the Minister's officials on things such as the local government borrowing initiative. It has provided £170 million for highways investment over a three-year period, and it is also helping to fund twenty-first century schools. So, I think we worked well with them on that. Sorry, Julie, the second part—

[112] **Julie Morgan:** Social housing.

[113] **Mr Rae:** On social housing, one of the good things about next year—there is not much good in local government budgets for 2015-16—but for those with retained housing stock, finally, we get rid of the old housing revenue account subsidy system, and there will be a system of self-financing in place. I think that that will provide a degree of headroom for authorities. Authorities have to buy out of this system. They will have to borrow a large amount of money, which I think is over £700 million, to pay off the Treasury—I think they see it that way. But, the additional borrowing that they can do will get those 11 authorities up to the Welsh housing quality standard, and there should be a little bit more in there to front some new build. So, that is a really welcome development, and the Minister for finance, I think, led on those discussions with the Treasury to get us out of the HRAS.

[114] **Jocelyn Davies:** Nick, shall we come to your questions?

[115] **Nick Ramsay:** The Wales Audit Office has said that it is concerned about the lack of clear and realistic savings plans in some authorities; how is local government responding to this? I suppose that Jon, you are probably best placed to answer that.

[116] **Mr Rae:** I think that if you want to have clear and realistic savings plans, you need to have a clear and realistic funding settlement. It goes back to this issue, and it is an issue that gets conflated with the large reductions that we are experiencing at the minute. If we just park that for a minute, the last three settlements that the Government has made were essentially pre-announced in previous years—they were indicative allocations—and then in 2013-14, some money was top-sliced off the settlement for the regional collaboration fund. That had a mixed reception, I think; some liked it, some did not. Then, for this year, 2014-15, we were supposed to be getting, in the last year of the 2010 spending review period, a 0.5% increase in aggregate external finance, and it turned out that it was 4% in the other direction. For 2015-16, the indicative allocations announced by the Government back in the dark days of winter last year indicated that we were going to get a 1.5% reduction, and then, after a meeting of the finance sub-group and the former Minister writing out in June, we found out that actually that was the best that we—

[117] **Nick Ramsay:** Are you saying—sorry, to interrupt—that the efficiency plans of the local authorities are there embryonically, but they cannot keep up with the new efficiencies

being demanded?

[118] **Mr Rae:** I think that it is very difficult, if the rug has been pulled from under your feet. I think that there is work to do. The WAO published a report, back in February this year, saying that, which I think is the basis of the comments. I think that we recognised that some medium-term financial plans out there in local government need sharpening up a little bit, to be perfectly honest. I think that has been a question that the finance directors, as a practitioner group, have addressed, because they set up a working group looking into that, and they developed a few tools. It is all about sharing good practice, this stuff. There was a shared learning event with Wales Audit Office, Grant Thornton and finance directors in England, back in July, when Chris and his 21 colleagues got to learn about what was good practice, and learn from good practice in Wales, because it is not only in England.

[119] **Jocelyn Davies:** Was your question on that specific point, Ffred? Peter, was yours on that point?

[120] **Alun Ffred Jones:** You said ‘sharpening up’, but the truth is that some authorities simply had not planned at all for the coming austerity period. Is that not the case?

[121] **Mr Rae:** I think that they had; it is just that maybe they were over-optimistic about the impact, to be perfectly honest. I had this discussion with my chief executive yesterday: how much were we warning authorities back in 2009 and 2010 that we would be facing some of the harshest squeezes in public expenditure, which are almost unprecedented? He was saying that, back in 2009, he actually went on a doom and gloom tour around all 22 authorities. So, it was not that councils were not warned. In some areas, in actually trying to work out what the impact would be on their own funding, maybe they were just a little over-optimistic in their assumptions, and wobbly funding indicative allocations from Welsh Government just do not help.

[122] **Jocelyn Davies:** ‘A little over-optimistic’. Shall we take the ‘little’ out?

[123] **Mr Rae:** Yes. Okay.

[124] **Jocelyn Davies:** Chris, Peter wants to ask a question on this, but did you want to answer specifically on the point that Ffred made?

[125] **Mr Lee:** It is just a comment, really, building on what Jon referenced in terms of the word that he used, which is ‘some’ local authorities, which I think was a very broad-brush statement by the Wales Audit Office in terms of the approach to medium-term financial planning. I would argue that there is very good practice out there in many local authorities across Wales. I think that part of what the sub-group that Jon alluded to has been about is sharing that good practice. Actually, what we have found, given the complete lack of credibility now in terms of some of the indicative settlements that we have had in the past, is that the focus that we are now trying to share across those authorities is really around appropriate sensitivity analysis and appropriate planning based on that sensitivity, and we are now seeing local authorities planning a range of actions linked to that sensitivity. I guess, to put the other side of it as well, I would clearly state that during the austerity times of the last x number of years, Rhondda Cynon Taf County Borough Council has not been a council to overspend and has achieved its efficiency plans. From where I am sitting, it can be done within that.

[126] **Jocelyn Davies:** Peter, did you want to come in on this point?

[127] **Peter Black:** I think that I saw that apocalyptic presentation from your chief executive back in 2009-10. Just very quickly, the Welsh Government Minister referred to the

large reserves that some local authorities hold. Is that a fair criticism, that you should be using those reserves, and is that part of your planning?

[128] **Jocelyn Davies:** Chris, did you want to answer that?

[129] **Mr Lee:** Yes. It is often the sort of thing that is sort of flagged around. I think that there are a couple of issues there. First of all, you need to understand what reserves actually mean: if there are reserves available, clearly they are one-off cash balances and they do not address any base budget deficiencies. If we were suddenly able to access £30 million-worth of reserves for next year to balance Rhondda Cynon Taf's books, for example, we would simply have £30 million added to the following year's requirement in terms of a budget gap going forward. The other thing that we need to be very clear about is what we actually mean by usable reserves. A figure is often quoted for Rhondda Cynon Taf, for example, and within our statement of accounts there are usable reserves of £75 million. It seems to be an awful lot, but then when you actually drill down into that £75 million, you identify that £8 million of that is to pay for the PFI scheme that is operating within a school in Rhondda Cynon Taf; there is £11 million linked to insurance; there is £20 million that underpins our capital programme; there is £5 million that is treasury management reserves; there are delegated school balances of approximately—. Suddenly then, you whittle those down—

[130] **Jocelyn Davies:** So, a significant proportion of reserves are earmarked for something or another, so they are not—

[131] **Mr Lee:** They are absolutely significant. In the council's ISA report from the Wales Audit Office, I think that the quote was that our reserves are appropriately labelled and earmarked for specific purposes. I think that we need to be very clear about that. However, there are opportunities to use reserves in the right way. For example, within Rhondda Cynon Taf we set up a transitional fund, recognising that there is a time delay often in implementing service cuts and changes. That reserve allows us to smooth the impact of those changes. I think that that is the right way to use reserves, rather than constantly badging it as an opportunity suddenly to solve—

[132] **Jocelyn Davies:** So, you do not want to use it to plug a gap, but you could use it for—. Elin will come in next, but Chris, did you want to come in on this specifically?

[133] **Christine Chapman:** On this, it was just a comment, really.

[134] **Jocelyn Davies:** Okay then. Chris, shall we have your question, and then Elin can comment on that and what has already been said?

[135] **Christine Chapman:** Just on the reserves, I know that we have had these discussions that there seem to be different messages coming out about those, but what about school reserves in actual schools? Can you say something about those? I am not quite sure how that works and whether there are opportunities within individual schools.

10:00

[136] The other point that I wanted to make was about the communication from Welsh Government about the level of possible cuts. Again, we are hearing that fair warning was given of it, but to a certain extent, Welsh Government itself is at the mercy of what is happening in the UK Government. Obviously, most of us here are politicians, so we are aware of what is happening in the wider world, so I just wonder whether you would like to comment on that. Obviously, you need to make assessments as well, do you not, as leaders? So, those are my two comments.

[137] **Ms ap Gwynn:** Ar y gweddillion, rydym bob amser yn trio cadw rhwng 3% a 5% o'r *budget* llawn fel gweddillion cyffredinol. Nid wyf yn sôn am y rhai sydd wedi'u clustnodi ar gyfer pethau penodol, fel sydd eisoes wedi'i esbonio. O ran y rhai cyffredinol, rydym wedi gorfod defnyddio, eleni, wrth osod y gyllideb ar gyfer eleni, elfen o'r *reserves* er mwyn cau'r bwllch.

[138] Fodd bynnag, rydym yn gwybod hefyd, o ran llif arian, fod mwy o dreth gyngor yn dod i mewn yn hwyr a fydd yn cau'r bwllch hwnnw yn y diwedd. Felly, mae modd o'u defnyddio'n gall fel eich bod yn gallu helpu gyda llif arian, er enghraifft. Mwy na thebyg, y flwyddyn nesaf, bydd yn rhaid inni edrych o ddifrif eto ar eu defnyddio nhw i lenwi bylchau, gan obeithio na fydd angen y cwbl ohonynt yn y diwedd. Fel sydd eisoes wedi'i esbonio, unwaith mae'ch gweddillion wedi mynd, maen nhw wedi mynd; nid ydynt yn y *base budget* o gwbl. Felly, mae'n rhaid bod yn hynod ofalus. Mae'r archwilwyr wedi bod drwy'n cyfrifon ni ers blynnyddoedd a heb weld unrhyw fai arnyn nhw o ran y lefel o weddillion rydym yn eu cadw.

[139] O ran ysgolion, rwy'n gwybod oherwydd newid mewn disgyblion bod cyllidebau ysgolion gwahanol, fel nifer o gynghorau, yn amrywio os ydynt yn colli disgyblion neu'n cynyddu eu niferoedd. Mae'r arian sydd yn mynd i lawr iddyn nhw yn amrywio. Felly, maen nhw, hefyd—rwyf wedi bod yn llywodraethwr ers blynnyddoedd maith—yn hoffi cadw rhywfaint o arian wrth gefn er mwyn helpu cynnal lefel staffio, er enghraifft, hyd yn oed a bod lefel y disgyblion yn cwmpo dros dro. Hefyd, nid ydych byth yn gwybod faint o waith cynnal a chadw adeiladau sy'n mynd i ddod ar eich traws mewn blwyddyn, felly mae gofyn bod ganddynt rywfaint, ond i fod yn gall. Rwy'n derbyn bod gan rai, efallai, weddillion sy'n ormodol, ond yn ôl yr hyn rwy'n ei ddeall yn gyfreithiol, oherwydd bod gofyniad inni basio 85% o gyllid i lawr i ysgolion, arian ysgolion yw e ac nid arian yr awdurdod. Felly, nid oes hawl gennym i'w hawlio yn ôl. Efallai bod hynny'n rhywbeth sydd angen edrych arno.

[140] **Jocelyn Davies:** Okay. Nick, shall we come back to your question? I just remind

Ms ap Gwynn: On the reserves, we always try to keep between 3% and 5% of the full budget as general reserves. I am not talking about those that have been earmarked for specific matters, as has already been explained. In terms of the general reserves, we have had to use this year, in putting forward the budget for this year, an element of the reserves to close the gap.

However, we also know that, in terms of cash flow, greater levels of council tax will come in late and that will, ultimately, close that gap. So, there is a way of using them wisely to help with cash flow, for example. More than likely, next year, we will have to look seriously again at using reserves to fill gaps, with the hope that the whole amount will not be needed in the end. As has already been explained, once your reserves have gone, they have gone; they are not in the base budget at all. So, you have to be very careful. The auditors have been through our accounts for years and have not seen any faults in them in terms of the reserves that we hold back.

In terms of schools, I know because of changes in pupil numbers that the budgets of different schools, like a number of councils, vary if they lose pupils or if the number of pupils increases. The funding that goes down to them varies. So, they too—I have been a governor for years—like to keep some level of funding in reserve to help to maintain staffing levels, for example, even if the level of pupils decreases temporarily. Also, you do not know how much maintenance work will be needed for buildings over the course of the year, so you must have a certain amount, but you have to be wise. I accept that some may have too many reserves, but in legal terms, as far as I understand it, because there is a requirement for us to pass 85% of the budget to schools, that is then the schools' money and not the authorities' money. So, we do not have a right then to ask for it back. That might be something that could be looked at.

Members that we are not halfway through the questions and we only have 25 minutes left, so we need to speed up a little bit. Nick, that is not a reflection on you; I was not singling you out, but I knew that you would take it well.

[141] **Nick Ramsay:** I shall speed up and ask this very quickly, Chair. Getting away from the issue of reserves to the way that councils budget, that has, historically, been on an incremental basis. Is that still working now, because incremental budgeting is not so successful at times of funding cuts, is it? I see astonishment; maybe they do not—

[142] **Jocelyn Davies:** Are there any volunteers? Just one of you to answer this now. Jon, what about you?

[143] **Mr Rae:** I think there is a move away from annual incremental budget setting. It is more about priorities and about having an outcome focus around your budgets. While there is not across the board zero-based budgeting, I think, in certain areas where you are undertaking a fundamental review of a service area, you will get that kind of root-and-branch approach changing.

[144] **Jocelyn Davies:** Mike, shall we come to your question?

[145] **Mike Hedges:** Thank you very much. I am sure that it is annual ‘detrimental’ budgeting now, rather than ‘incremental’. [*Laughter.*]

[146] The Welsh Government put a lot of money into invest-to-save, and a lot of it is used in the health service. In Swansea, for example, the authority does not use the Welsh Government’s invest-to-save; it borrows from its own reserves and then pays it back. Is that common to other local authorities in Wales?

[147] **Ms ap Gwynn:** Rydym yn gwneud hynny, yn bendant. Hefyd, rydym yn gobeithio efallai defnyddio rhai *reserves* eleni i ddod â’r benthyciadau i lawr—talu’r benthyciadau fel ein bod yn lleihau’r arian refeniw blynyddol, i ryddhau’r elfen honno yn ôl i’r gyllideb. Felly, mae modd symud arian o gwmpas, ac rydym yn bendant yn buddsoddi er mwyn arbed arian. Er enghraifft, o ran torri carbon, fel ein bod yn newid y drefn, rydym yn rhoi paneli *photovoltaic* ar doeon, ac yn buddsoddi yn hynny. Rydych yn cael *win-win-win*—rydych yn ennill o ran carbon, ar faint rydych yn talu am eich trydan, ac yn derbyn incwm trwy’r *feed-in tariffs*. Felly, mae hyn yn ffordd dda o fuddsoddi er mwyn dwyn arbedion.

Ms ap Gwynn: We certainly do that, yes. We also hope to use some of our reserves this year to bring down the loans—to pay off the loans so that we reduce the annual revenue, to release that element back into the budget. So, there is a means of shifting funds around, and we certainly do invest to save. For example, in terms of reducing carbon, we put photovoltaic panels on roofs, and invest in that. It is then a win-win-win—you win on carbon, on how much you pay for electricity, and you receive an income through the feed-in tariffs. So, that is a very good way of investing to save.

[148] **Mike Hedges:** It would help if you let the Welsh Government know that, because it does not seem to know that that is how local authorities are working.

[149] I have two other questions very briefly. Invest-to-save investment is wonderful. Sometimes you invest and health then benefits. Of course, if you disinvest, does that not have the opposite effect? Is health not then likely to come under further pressure?

[150] **Jocelyn Davies:** This is a health question—[*Inaudible.*]

[151] **Ms ap Gwynn:** Rwy'n credu fy mod wedi gwneud y pwynt hwnnw yn gynharach ynglŷn â'r angen i gynnal gwasanaethau ataliol. Maent ar lefel isel, efallai—nid yw pobl yn eu gweld yn bwysig, ond maent yn hollbwysig. Os nad ydym yn cynnal y gwasanaethau i gadw pobl yn y gymuned, maent yn mynd i ddibynnu fwyfwy ar ein gwasanaethau gofal ni a'n gwasanaethau iechyd ni. Felly, mae hynny'n berffaith wir.

Ms ap Gwynn: I think that I made that point earlier in terms of the need to maintain those preventative services. They are at a low level, perhaps—people do not see them as being important, but they are crucial. If we do not maintain those services to ensure that people can remain in communities, they are going to become more and more dependent on our care services and on our health services. So, that is perfectly true.

[152] **Mike Hedges:** This is my last question in this section. We have seen people having these wheezes of 'If you invest in this, then it will save you all large sums of money'. The classic one that existed about 10 years ago was, 'If you set schools up in little groups and consortia, with one headteacher and lots of deputies, you can save lots of money'. The reality, it turned out, of course, was that, when you did that, you had one headteacher and five non-teaching deputies, instead of five teaching deputies, and the amount saved reduced. Do you see lots of examples of that—people having wheezes for saving money that, in reality, do not?

[153] **Ms ap Gwynn:** No, because we could not afford to pay them all that much. However, I think that it is a good example in relation to merging local authorities—it will not necessarily save anything.

[154] **Jocelyn Davies:** We are coming on to mergers a bit later. Are you happy, Mike? Have you finished?

[155] **Mike Hedges:** Yes.

[156] **Jocelyn Davies:** Ann, shall we come on to your questions?

[157] **Ann Jones:** Mike has touched on preventative spend and I think that the WLGA has noted that it may take several years to lead to savings. So, if you are currently focused on just making the budgets balance, how much of that is taking the focus away from local authorities in terms of preventative spend?

[158] **Mr Lee:** I suppose that it is the comment I made earlier about the twin track. There is a short-term requirement to set a budget. That will require us, by next March, to set out a whole range of service changes to be able to deliver that. However, there is very much a parallel process in terms of focusing on that longer-term, preventative-type spending. I suppose, an example of that within, say, the local service board context and working with our partners within health, the police service and other bodies that are represented on that local service board, is the focus still on how we work together to maximise the use of available resources to deliver some of those preventative services. So, at a strategic level, that is still very much a focus.

[159] **Ann Jones:** Would you find it beneficial to have elements of the budget ring-fenced for preventative measures?

[160] **Mr Lee:** I will not give the politician's response, but, from my point of view, flexibility is key in terms of an ability locally to determine those requirements.

[161] **Jocelyn Davies:** Mr Street, do you have a comment to make on this particular point?

[162] **Mr Street:** From a social care perspective, one of the challenges we face is how you release money into the system for that preventative and transformational work when your

budgets are already fully committed or even overcommitted. Yes, we can use local invest-to-save schemes and national schemes. Inevitably, that transformational and preventative work is dependent on grants, and the difficulty you then face is the longevity of those grants. When grants come and then go very quickly, you really do not see those medium-term benefits.

[163] **Jocelyn Davies:** Ffred, did you want to come in on this point?

[164] **Alun Ffred Jones:** Rwyf am wneud pwynt ynglŷn â'ch sylw fel cymdeithas bod y gwariant ar chwaraeon a hamdden wedi gostwng 27% eisoes. Rwy'n cymryd y bydd y gyllideb honno dan bwysau pellach. Beth yw canlyniad hynny mewn gwirionedd? Rwy'n cymryd eich bod wedi gwneud yr arbedion cymharol hawdd yn barod, felly beth yw canlyniad pwysau pellach ar y gyllideb arbennig honno?

Alun Ffred Jones: I want to make a point about your comment as an association that the spending on sport and leisure has already decreased by 27%. I take it that that budget will be under further pressure. What is the result of that going to be? I take it that you have already made the relatively easy savings, so what will be the result of further pressure on that budget?

[165] **Ms ap Gwynn:** Yn ymarferol, mae'n bosibl y bydd yn arwain at gau'r pyllau nofio, oherwydd eu bod mor ddrud i'w rhedeg, neu bydd yn arwain at resymoli'r ddarpariaeth. Rydym yn edrych ar hyn—mae papur; nid oes penderfyniad terfynol wedi ei wneud—ac mae gwaith ymgynghori wedi bod yn digwydd ar yr union fater hwn yng Ngheredigion. Nid yw'r penderfyniad terfynol wedi ei wneud eto, ond mae'n bosibl iawn y bydd rhai o'r darpariaethau hyn yn cael eu trosglwyddo i'r ysgolion a bydd rhyw fath o ysgerbwdd strategol ar gyfer y cyhoedd, oherwydd ein bod yn methu â'u cynnal rhagor.

Ms ap Gwynn: On a practical basis, it is possible that it could lead to the closure of swimming pools, because they are so expensive to run, or we will have to rationalise the provision. We are looking at this—there is a paper; no final decision has been taken—and some consultation work has been ongoing on this very issue in Ceredigion. The final decision has not yet been made, but it is very possible that some of these provisions will be transferred to schools and there will be some sort of strategic framework for the public, simply because we cannot maintain them anymore.

[166] **Alun Ffred Jones:** Nid yw eu trosglwyddo i ysgolion yn arbed arian.

Alun Ffred Jones: Transferring them to schools does not save money.

[167] **Ms ap Gwynn:** Nid oes rhaid cynnal y staffio. Mae'r ysgolion yn eu defnyddio mewn rhai achosion beth bynnag. Yr ysgolion wedyn a fydd yn dewis a ydynt am ennill arian drwy eu llogi. Bydd hynny i fyny iddyn nhw.

Ms ap Gwynn: You do not have to maintain the staffing levels. Schools use them already in some cases. It will then be up to the schools as to whether they want to profit through renting them out. That will be up to them.

[168] **Jocelyn Davies:** We hear a lot about ring-fenced grants. Have you seen a reduction in the number of ring-fenced grants coming to local government?

[169] **Ms ap Gwynn:** Ym myd addysg, yn bendant, maen nhw wedi lleihau. Nid yn unig y mae'r nifer wedi lleihau, mae'r cwantwm wedi lleihau hefyd. Felly, mae'r ffaith y byddant yn arbed rhywfaint o arian gweinyddu ac archwilio. Mae'r cwantwm wedi lleihau, felly bydd y gwasanaeth yn siŵr o leihau.

Ms ap Gwynn: In education, certainly, they have decreased. Not only has the number decreased, the quantum has also decreased. So, there is the fact that they will save some administrative and auditing money. The quantum has decreased, so the service is bound to decrease too.

[170] Fodd bynnag, fel y dywedais i ar y dechrau, mae'r £200 miliwn sydd yn cael ei hawlio yn ôl ganol blwyddyn eleni—. Mae lot ohonyn nhw'n addysgol, ond ddim i gyd, ac eisoes wedi'u dosrannu. Sut ydym i fod i'w tynnu yn ôl heb fwrw i mewn i swyddi pobl ar fyr rybudd? Pwy fydd yn talu *redundancy*? Ni neu'r Llywodraeth? Mae cynghorau sir yn cael eu rhoi mewn sefyllfa cwbl amhosibl i'w rheoli, oherwydd bod y pethau hyn yn glanio arnom ni ar gymaint o fyr rybudd, heb unrhyw ymgynghoriad o gwbl, hyd y gwn i.

However, as I said at the very beginning, the £200 million that is being clawed back this year in-year—. A lot of these, but not all, are in education, and have already been distributed. How are we meant to claw those back without affecting people's jobs at short notice? Who will pay the redundancy cost? Us or the Government? County councils are put in a situation that is impossible to manage, because these things land on us at such short notice, without any kind of consultation, as far as I am aware.

[171] Rwy'n flin iawn am y toriadau canol blwyddyn hyn. Mae rhyw obaith inni gynllunio ymlaen ar gyfer toriadau y flwyddyn nesaf, ond mae'n amhosibl delio â'r rhai canol blwyddyn.

I am very angry about these in-year cuts. There is some scope for us to plan ahead for the cuts next year, but it is impossible to deal with these in-year cuts.

[172] **Jocelyn Davies:** Jon, did you have something to say?

[173] **Mr Rae:** Yes. I have a list here of 79 grant schemes that were available to local government in 2014-15. Some of the schemes are disappearing, not least because the funding is drying up and some schemes are ceasing. There is something hopeful in the consolidation of some of the education grants. I think that that is welcome; it comes back to this point that Chris made earlier about having flexibility in the use of your own resources.

[174] However, there are two disappointing things here. First, there are over 20 grants in this list, for 2015-16, which have a value of less than £4 million. The Wales Audit Office and the Public Accounts Committee was doing work around grants management, and it is hard to estimate how much this stuff costs, but they were saying that between 5% and 10% may be a good indication of the administration costs. When you have 20 schemes under £4 million and a grant pot announced so far of £740 million, the administration of that is just a dead loss to the whole system; it really is.

[175] The other point that I would make about specific grants is that 67 out of the 79 grants that were announced at the time of the settlement are showing quite considerable reductions. They are falling by an average of around 9%, which is a figure that includes the grants that are disappearing. So, on top of the £146 million that local government is losing through the revenue support grant, the specific grants are falling by around £72 million. If you take that as a percentage, the headline figure for local government is a reduction of 3.4%. When you factor in these grants, it is a reduction of 4.3%. As I said, there are still a handful of grants to call. One of the largest grants there will be the post-16 grant, which we still have not had any indication of.

10:15

[176] **Ann Jones:** Just on that, the Welsh Government is saying that it is discussing options for further grants to be rolled into the RSG, which gives me nightmares. The Minister has said that, so far, grants have been rolled into the RSG of about £150 million. Do you agree with that figure?

[177] **Mr Rae:** I think in—

[178] **Ann Jones:** ‘Yes’ or ‘No’ is fine.

[179] **Mr Rae:** Yes.

[180] **Ann Jones:** Okay, thank you. How sustainable then is the Welsh Government’s policy of requiring local authorities to increase school budgets by 1% over the overall change in the Welsh budget?

[181] **Ms ap Gwynn:** It is not sustainable at all, really.

[182] **Ann Jones:** So, it is not sustainable?

[183] **Ms ap Gwynn:** No.

[184] **Ann Jones:** How many local authorities—we know where Ceredigion is in this—are not going to protect those services?

[185] **Mr Rae:** From a national perspective, we do not know. The budgets for 2015-16 are not cold yet, so we do not know what levels of spend there will be in education. Local government has been committed to this education protection over the course of this Assembly term, not least because the resource has been put in the revenue support grant. I have not seen the monitoring figures lately on this—the last figures that I saw were up to and including 2013-14, which covers three years of the protection. From the figures that I saw, local government had invested over and above the education protection. I think that local government will meet the Government’s pledge over the Assembly term. How sustainable that is in the future is a very different question. You will see from the evidence that we have put in that education spend fell in real terms by around about 6%, because it is not only about the £2 billion that is spent directly on schools, it is also about all the education support services that local authorities and the consortia provide.

[186] **Ann Jones:** How many local authorities do you think are moving down the road of becoming purchasing authorities, rather than having their own council-run services? Specific grants are no longer there for councils, so it is all in the RSG. How many councils do you think are going out to purchase virtually everything, so that they are outsourcing? Is that happening?

[187] **Jocelyn Davies:** For example, if you transferred your housing stock or if you created a trust for your leisure services—

[188] **Ann Jones:** Or if you pay somebody to provide homecare services or you pay people to run your residential homes.

[189] **Ms ap Gwynn:** Mae’n digwydd yn rhannol. Ers blynyddoedd, rwy’n credu bod 11 o awdurdodau wedi allanoli tai i RSLs. Mae hynny wedi bod yn fuddiol i ni yng Ngheredigion achos mae wedi golygu bod degau o filiynau o fuddsoddiad wedi dod mewn drwy’r RSLs er mwyn sicrhau bod y WHQS wedi ei gyrraedd erbyn hyn. Maent yn dechrau symud ymlaen yn awr i adeiladu, sydd yn beth da, achos mae gwir angen. Felly, mae hynny wedi gweithio.

Ms ap Gwynn: It is happening on a partial basis. Over many years, I think that 11 authorities have transferred housing to RSLs. That has been beneficial for us in Ceredigion, because it has meant tens of millions of pounds of investment through RSLs, ensuring that WHQS has been achieved now. They are starting to move on to building, which is a good thing, because there is a dire need. So, that has worked.

[190] O ran maes gofal, mae gennym economi gymysg, gyda lot o gartrefi preifat lleol. Nid ydynt yn fusnesau mawr, ond busnesau bach lleol—SMEs. Rydym yn gweithio'n agos gyda nhw, ac o ran gofal yn y cartref erbyn hyn hefyd. Felly, mae elfennau o waith yn mynd allan ar gytundeb, ond ddim y cwbl.

In terms of care, we have a mixed economy, with a lot of private homes locally. They are not large businesses, but small local businesses—SMEs. We work closely with those, and also in terms of homecare. So, elements of work are going out on contract, but not all of them.

[191] I mi, mae gwasanaeth cyhoeddus yn wasanaeth cyhoeddus. Hyd y gallwn, rwyf am gadw cymaint ohono i fynd, ond barn bersonol yw honno. Rwy'n gwybod, er enghraifft, fod Powys yn dueddol o symud tuag at y model newydd lle mae'n prynu'r cwbl i mewn. Nid wyf yn siwr beth yw'r patrwm ar draws y bwrdd. Efallai y gall Jon ddweud mwy.

For me, a public service is a public service. As far as we can, I want to keep as much of it going as possible, but that is my personal opinion. I know, for example, that Powys tends to move towards the new model where it buys in all services. I am not sure what the pattern is across the board. Perhaps Jon can tell you more.

[192] **Jocelyn Davies:** Is it possible to do that if there is no revenue stream? People do not pay for library books in the same way as they pay rent for their home, do they? So, how would that work? Perhaps I have gone off on a tangent; as Chair, I should not do that really, should I? Ann, any other questions?

[193] **Ann Jones:** Just one last question. I am very pleased to hear Ellen saying that public services are public services and long may that continue. So, what advice has the WLGA given to those authorities that are looking to go down this purchasing route, rather than keeping their own services?

[194] **Mr Rae:** I think that one of the things that the WLGA has been looking at quite closely is what is going on with authorities in England and, obviously, the idea that the majority of services are outsourced to some extent, which is known, I think, as the commissioning council model. I do not think that that is happening wholesale in any one authority in Wales. You are not going to get a Westminster-type approach where everything is—

[195] **Jocelyn Davies:** Okay, so you have not seen—. Chris, do you agree with that? This is something that I would like to ask you: if you have done that—stock transferred, and bought in a lot of care—and you have these cuts coming, where are you going to cut from?

[196] **Ann Jones:** That is right.

[197] **Jocelyn Davies:** Is that where you were going then, Ann? Is that what you wanted to ask?

[198] **Ann Jones:** Perhaps where I was going to go was this: what happens when you have outsourced everything and your private companies that you have outsourced to suddenly hike their fees up?

[199] **Mr Lee:** What I was going to point out was that I think it is right that we should ask the question in terms of looking at all options in terms of delivery of services because, ultimately, the public will consider the importance of the service, rather than who delivers the service in many respects. The one thing that I would say is that it comes back to a fundamental issue of workforce planning rather than budgeting. Ultimately, 80% of a local authority budget is on staff. It is the staff terms and conditions and the staff costs that are

associated with services; those are the decisions that we need to make and I think that that sometimes is missed in terms of the analysis.

[200] **Jocelyn Davies:** Mike is next.

[201] **Mike Hedges:** There is one area in local government where there is an increase next year and that is the pupil deprivation grant. Do you think that that is the best use of resources in order to support children from deprived backgrounds?

[202] **Ms ap Gwynn:** Mae hwnnw yn gwestiwn da. Unwaith eto, bydd yr ardaloedd gwledig yn colli allan gyda hwn. Er bod yr ariannu wedi cynyddu, mae'r canrannau sy'n dod i'r ardaloedd gwledig yn isel. Felly, nid yw'r dosraniad yn deg yn fy marn i. Mae'r un math o broblem rwy'n ffeindio efo *Schools Challenge Cymru*. Nid yw'r ychwanegiadau yma sydd yn rhedeg ochr yn ochr â'r RSG, yn cymryd i ystyriaeth lle mae—. Er enghraifft, mae plant, er mwyn cyrraedd ysgol, yn gorfod cael eu bysio dros bellteroedd achos rydym yn gorfod cau ysgolion oherwydd polisi'r Llywodraeth yn y fan hyn. Mae'r Llywodraeth Lafur eisiau i ni leihau lleoedd gweigion. Wel, mae *pluses* a *minuses* wrth wneud hynny. Rydych yn lleihau peth o'r gost cynnal adeiladau, ond rydych yn dal i orfod addysgu'r plant a'u cario nhw dros bellter mewn rhai ardaloedd. Felly, o ran y difreintiedig rai sy'n methu bod wrth ymyl ysgol, nid yw hynny yn cael ystyriaeth wrth ddosrannu'r arian newydd yma. Mae angen e; nid oes dwywaith bod ei angen e, ac yn fwy mewn rhai ardaloedd nac eraill. Fodd bynnag, fel rwy'n dweud, mae pocedi bach gyda ni sydd wirioneddol ei angen e ac sy'n cael eu diystyru oherwydd y ffordd mae'r fformwlâu yma yn cael eu gweithio.

Ms ap Gwynn: That is a good question. Once again, rural areas will miss out here. Although the funding has increased, the percentages coming to rural areas are low. Therefore, the allocations are not fair in my opinion. It is the same sort of problem that I find with Schools Challenge Cymru. These additions that go alongside the RSG do not take into consideration where—. For example, children, in order to get to school, have to be bussed over long distances because we are having to close schools because of the policy of the Government here. The Labour Government wants us to reduce surplus school places, but there are pluses and minuses in doing so. You reduce some of the building maintenance costs, but you still have to educate those children and transport them over long distances in certain areas. Therefore, in terms of those deprived pupils who do not live near a school, they are not taken into account at all in the distribution of this new funding. It is needed; there is no doubt that it is needed, and it is needed more in some areas than others. However, as I say, we have small pockets that truly need it and they are being ignored because of the way in which these formulae are being implemented.

[203] **Jocelyn Davies:** Jon, did you have something to add? Also, I think that Peter wants to come in.

[204] **Peter Black:** I am just a bit puzzled about what formula. Basically, if you have a child on free school meals, they get money. Money follows the child; there is no formula.

[205] **Ms ap Gwynn:** Ond nid yw pawb yn derbyn prydau ysgol am ddim, achos nid ydynt yn dewis eu derbyn nhw, oherwydd eu bod nhw'n rhy falch i'w derbyn nhw, ac oherwydd—

Ms ap Gwynn: But not everyone takes up free school meals, because they do not choose to take them up, because they are too proud, and because—

[206] **Peter Black:** Agreed, yes.

[207] **Ms ap Gwynn:** Mae hynny yn **Ms ap Gwynn:** That does skew the figures.

sgiwio'r ffigurau.

[208] **Jocelyn Davies:** Okay. Jon—

[209] **Peter Black:** Whatever indicator you use, you are going to get that problem.

[210] **Jocelyn Davies:** No, Peter, sh. Ellen and Peter, Jon is next.

[211] **Mr Rae:** The short-term success of these programmes is always very difficult to evaluate, but I think that the evidence from similar programmes elsewhere is positive and encouraging. I go back to our point on specific grants, that once this funding has been pumped and is available for schools, it should go into the revenue support grant, once we are sure that the outcomes have been achieved.

[212] **Jocelyn Davies:** Well, we might not agree with that. Julie, did you want to come in?

[213] **Julie Morgan:** Very briefly, yes.

[214] **Jocelyn Davies:** We are moving on now to local government reform.

[215] **Julie Morgan:** There is hardly any time left, but—

[216] **Jocelyn Davies:** We will let it overrun a little bit.

[217] **Julie Morgan:** Okay. Very quickly, do you have any indication of what mergers are likely, and the cost of them? Do you see the local authorities being able to meet that or do you expect there to be significant help from the Welsh Government?

[218] **Jocelyn Davies:** Jon, shall we start with you because I think that Ellen will be thinking about a few things that she wants to make sure she covers?

[219] **Mr Rae:** In terms of what we know about voluntary mergers, you will know as much as we do. If you watched *The Wales Report* last night, you will know that there are warm discussions going on between Torfaen and Blaenau Gwent and that there are also discussions up in Conwy and Denbighshire. We will not know who has applied for or expressed an interest in voluntary mergers until the letters have gone to Welsh Government around the beginning of November. Previous reorganisation mergers have been funded centrally. It is a costly enterprise. The evidence that we put to the Paul Williams commission, based on work that was done by Deloitte UK, estimated that the cost of reorganisation was somewhere between £200 million and £400 million. I think that the higher figure is probably not a plausible figure. We have currently commissioned the Chartered Institute of Public Finance and Accountancy to look at some work into the costs of reorganisation and that will be published soon, hopefully.

[220] **Julie Morgan:** The Williams commission disagreed with that, did it not? The Williams commission had much lower figures.

[221] **Mr Rae:** Yes, it did, but it was very unclear where it got that figure from. I think that it was almost un-evidenced. However, the point is that there are also benefits to it. So, we have to recognise that and it is also something that we have asked CIPFA to look into. There is a question here about—

[222] **Jocelyn Davies:** When do you expect that report?

[223] **Mr Rae:** I think by the end of October, Chair. I am not going to give a date—

[224] **Jocelyn Davies:** No, but you expect it in the near future.

[225] **Mr Rae:** Yes, definitely.

[226] **Jocelyn Davies:** Mike, did you have a supplementary question on this? I will then bring Ellen in.

[227] **Mike Hedges:** The Williams commission got the figures by looking at the merger of the district councils with the county council in Cornwall, which I think is totally irrelevant to the sorts of mergers that they are considering. Do you agree with the Williams commission when it said that there would be not ICT costs, no relocation costs and no equal-pay claims?

[228] **Ms ap Gwynn:** They must have been living in cloud-cuckoo-land.

[229] **Jocelyn Davies:** I guess that that is a 'no'. You said earlier—

[230] **Alun Ffred Jones:** Take that as a 'no'. [*Laughter.*]

[231] **Jocelyn Davies:** You said earlier that you did not think that there would be savings from the mergers or that the savings would not materialise.

[232] **Ms ap Gwynn:** Yes, because we have already been working with partner councils in collaborative ways, in different ways, where that makes sense for service delivery within Ceredigion, because that is my focus. If we can find savings and better ways of working, we have done that with food waste and we are doing it now with residual waste. We are working with Powys and we may be working with Pembrokeshire as well on some of these. The other counties in the region did not want to play ball and that is fair enough. We have worked in mid Wales together with Powys and Gwynedd on transport over the years. The Minister has now removed her strategic funding from that, but we are still working together on any strategic matters that we feel are relevant.

[233] **Jocelyn Davies:** Can I take it then that local authorities have taken opportunities to collaborate and there are many examples of collaboration right across Wales? You have named quite a few there. So, are you saying that that is the quantum of what you can do or that the mergers will not create more savings than what you have already been able to achieve through voluntary collaborations?

[234] **Ms ap Gwynn:** I doubt it; not at the level that they are thinking of. If they expect it to come out of the RSG funding now, again they are in cloud-cuckoo-land—they have just stripped out £450 million and that is impacting on service delivery now. Where are you going to find that level of savings if there is no further money on the table to help? You are going to have to rationalise—

[235] **Jocelyn Davies:** So, mergers are not the panacea—

[236] **Ms ap Gwynn:** It is not the solution in my view. Certainly Paul Williams's views of the needs of mid Wales are as skewed now as they were when he set up his health boards. I am sorry, but the fact that they have locked us into the boundaries of the health boards is absolute nonsense. For me, if we had to move, my focus would be mid Wales. We do not belong with Pembroke, I am sorry. It is a default position because Carmarthen and Powys have been left alone and there is nothing left to do, but to stick us together. I am sorry, but that jigsaw will not work. We have a common boundary of about 10 miles.

10:30

[237] **Mike Hedges:** It is the NUTS 3 boundary.

[238] **Jocelyn Davies:** I think that you have made that very clear. Jon, did you have something very brief to add? I know that Julie wants to come back.

[239] **Mr Rae:** Very briefly, there will be savings to be made, but Councillor ap Gwynn has raised a valid point; with the reductions in funding that we are experiencing, part of these savings will be realised over the next three to four years. Much of the savings that we would expect to see from this kind of structural change will come from the back office. They will be realised in the next three or four years, before you even get to a situation where you have newly reconfigured authorities.

[240] **Jocelyn Davies:** Julie, back to you.

[241] **Julie Morgan:** My point is on those lines. Are you saying that, long term, there will not be any savings from local government reform as proposed by Williams?

[242] **Ms ap Gwynn:** That is my feeling, yes. We will weaken democracy; we will weaken democratic control; we will centralise more and more. For me, that is not local government. I am sorry, but if the present Government wants to centralise everything, you might as well do away with all of us and you can run services yourselves; but, you cannot. You have to provide services locally. I am sorry, but you cannot get away from that. For that, you need local democratic answerability, which we do not have with the health boards, and we are suffering from that now—I think that all of us can say that.

[243] **Jocelyn Davies:** Chris, did you have something you wanted to add?

[244] **Mr Lee:** Very briefly, a comment was made earlier on invest-to-save and sometimes whimsical schemes, all I would say is that what Williams did not provide in terms of the analysis was a robust business case. That is the requirement in terms of understanding the costs and the savings. We are not at that stage. For me, that is clearly where we need to be.

[245] **Julie Morgan:** Jon, what about my question about the long term?

[246] **Mr Rae:** It links to what Chris just said. The detail about the costs and benefits of any merger or reconfiguration will be in the detailed business case, but we will get a good idea from the work that CIPFA is doing for us about broadly what they would look like and whether it will save in the long term.

[247] **Jocelyn Davies:** There is no doubt that this is a subject that we will return to in the future. Peter, you had some questions about council tax and then we will have to leave it there. We will write to you with the other questions.

[248] **Peter Black:** On the council tax reduction scheme, not so long ago, the Government issued a consultation document on how the scheme could be restructured, but then it retreated from that position and basically provided a settlement for it until the end of the Assembly term. How sustainable is that scheme after the 2016 Assembly elections, when that settlement will have run its course?

[249] **Mr Rae:** In the long term, we will have to take a look at it to health check whether the amount of money now being put in the settlement matches the expenditure. In total, the whole £222 million was devolved to Welsh Government. That was the amount of money that came with the 10% cut, which has gone into the settlement, as has the money to make up the difference. So, there is £244 million in there. We have to test whether that matches up with

the expenditure. Local government may be spending a couple of million higher than that, so, in fact, local government is also helping to make up the shortfall. We have to also make an assessment about the risks in the future around caseload. The indication so far is that the caseload is coming down, so there is a downward pressure on the spend, but it is not quite enough to compensate for the increases in council tax, which put an upward pressure on that.

[250] **Jocelyn Davies:** Okay, we have run out of time, but we have not run out of questions. Jon, I will send you just a few more on fees and charges and the preparation of the Wales Bill. We will need that reply by 24 October if that is okay, if you could co-ordinate that. It is just a few more. Thank you very much for attending today. We will take a short break now. We have the next session starting at about 10.45 a.m.

*Gohiriwyd y cyfarfod rhwng 10:34 a 10:48.
The meeting adjourned between 10:34 and 10:48.*

Cyllideb Ddrafft Llywodraeth Cymru 2015-16: Sesiwn Dystiolaeth 4 Welsh Government Draft Budget 2015-16: Evidence Session 4

[251] **Jocelyn Davies:** Welcome back to our meeting of the Finance Committee. This is evidence session 4 in relation to the Welsh Government draft budget for 2015-16. We have with us representatives of the third sector. Would you mind introducing ourselves for the record, along with your role, and then, if you like, we will go straight to the first question? Shall we start over there with Ele?

[252] **Ms Hicks:** I am Ele from Diverse Cymru.

[253] **Ms Williams:** I am Lindsey Williams from the Wales Council for Voluntary Action.

[254] **Mr Watkin:** I am John Watkin from the Denbighshire Voluntary Services Council.

[255] **Jocelyn Davies:** Thank you. Lindsey, I think that you have agreed to stand in at very short notice for this session.

[256] **Ms Williams:** I have, yes.

[257] **Jocelyn Davies:** We are very grateful for that. I shall start, then. The Welsh Government's annual report says that the third sector is a valued partner that it needs to continue to support. Do you think that this draft budget achieves that aim?

[258] **Ms Williams:** Well, if I could perhaps start, one of the problems—and we have made this point to the Finance Committee in previous years—is that much of the Welsh Government expenditure on the third sector is actually below the level of the published budget. So, a lot of organisations cannot actually see from the published draft budget how they are going to be affected. So, that is one problem. For those organisations, and my own is one, where we could see what the indicative figures for next year are going to be, it was quite a shock. That is because we had engagement with our relative officials and we had been told to expect a cut of around 4.17%, which is quite precise. So, our trustees—we have a trustees board of management—and our senior management team had planned for that. We have a staff of over 100 and we are quite a large organisation, so we need to plan for reductions. Over the past four years, we have seen our Welsh Government grant go down by almost a third. So, we are planning for this; over the years, we have cut all excess and so on, but we planned for 4.17% and when we saw the draft budget, it was, in fact, nearer 7%.

[259] **Jocelyn Davies:** I see. I guess most of this is revenue, is it? So, that pays people's

wages.

[260] **Ms Williams:** It does, absolutely.

[261] **Jocelyn Davies:** Right, okay. There is very good reason why the Government says that you are a valued partner and why it needs to continue. I guess that is because you help the Welsh Government meet its own priorities.

[262] **Ms Williams:** Exactly.

[263] **Jocelyn Davies:** Can you give us some examples of how you do that?

[264] **Ms Williams:** Well, I think, in almost all key policy documents—in the programme for government and in the new vision for public services—the third sector is identified as a key partner for Welsh Government. We deliver a lot of preventative services on the ground and we help a lot of vulnerable people, and, because we do that, we save the state a lot of expenditure in crises further down the line.

[265] Therefore, if you bear in mind that Welsh Government funding for the sector is about 2.2% of the Welsh Government's money, it is actually a very small amount. Once you start cutting and salami-slicing over the years, you destabilise third sector organisations and we are not able then to contribute as effectively as we very much want to do to these programmes. So, we have children's organisations and families' organisations anticipating the new Social Services and Well-being (Wales) Bill and the new requirements of that, but organisations are, effectively, being destabilised by these year-on-year cuts.

[266] **Jocelyn Davies:** You are having to make substantially greater cuts than you were expecting to make in relation to the communications that you have had with Welsh Government officials.

[267] **Ms Williams:** Indeed, yes. I think that there are parts of the sector—. My organisation, as an umbrella organisation, held a meeting last week ahead of this evidence session today with national organisations in receipt of Welsh Government funding to ask them about their experiences, and it was a very unhappy meeting, I have to say. There was generally a feeling that much of the very positive relationship that has developed with the National Assembly for Wales over the last decade and more is being lost. We have worked very effectively in partnership with Government and we have helped to inform policy developments in a lot of areas, but the third sector is now feeling disrespected. For example, we know that, in 2013, there was a review of section 64 funding for the sector. That review has not been shared with the sector—

[268] **Jocelyn Davies:** Can you tell us what section 64 funding is?

[269] **Ms Williams:** It is health and social care funding. So, quite significant organisations—Disability Wales and so on—receive funding under that scheme. Those organisations have not formally been advised of what the outcome of the review was. Unofficially, they hear that they may get an extension of six months on this year's funding, and then we do not know what. That is no basis on which they can plan the delivery of their work.

[270] **Jocelyn Davies:** Chris, did you want to come in on this point?

[271] **Christine Chapman:** Yes. Could I pursue that? Obviously, we are in difficult times, there is no doubt about it, but I am concerned about your comments about the process of engagement. Obviously, when you say that they are disrespectful, how does that work? Are

they not giving you the information, or are they just ignoring you? What exactly is happening here with officials?

[272] **Ms Williams:** Well, in this meeting that we had with the sector, we had also officials from the third sector unit and from the grants centre of excellence. So, it was a very open and mature discussion. The disrespect comes because people feel that there is not adequate early communication from officials across Government. They feel that information is being withheld and then, at the last minute, we are informed, 'Well, the budget is going to go down and this is going to be the impact on you'. So, it is a shared view that the open early dialogue, which is one of the principles in the Welsh Government's code of practice for funding the third sector, is being disregarded. The comment from the grants centre of excellence, which is supposed to monitor this, is that it needs to have the information from the sector to be able to take effective action. That point was very much taken on board. However, I think that there is sometimes a reluctance on the part of funded organisations to complain about the funder. So, we are in a bit of a bind.

[273] **Jocelyn Davies:** Yes. Nick, did you want to come in on this point?

[274] **Nick Ramsay:** Yes, just to clarify that. So, what you are basically saying is that they are going through the motions of an open dialogue and consultation but, actually, at the end of it, the decision is taken regardless of what you were saying.

[275] **Ms Williams:** I suppose that if by 'going through the motions' you mean that there have been reviews of grant schemes, pretty much every grant scheme appears to have been reviewed if not once then more. The results of that are not communicated openly with the sector, which is the recipient of the funding. Decisions appear to be taken behind closed doors, and there was just a lack of information flowing out.

[276] **Jocelyn Davies:** It is very difficult. If you are an organisation in the third sector that relies on the Government for probably the vast majority of its funding, it is very difficult then to challenge that because you might feel that you are in an uncomfortable situation in challenging the organisation that provides you with your funding. Ann, shall we go on to your questions?

[277] **Ann Jones:** I am going to ask John from Denbighshire Voluntary Services Council and Ele from Diverse Cymru. Given that we have heard what Lindsey said about how the WCVA finds it difficult, how do you find the process of financial planning in your organisations, and the changes that the budget impact will have?

[278] **Mr Watkin:** Shall I go first?

[279] **Jocelyn Davies:** Yes, we will start with you, John.

[280] **Mr Watkin:** Could I perhaps just add a few words to your initial question, because I think that the whole issue about value in the third sector is critical? It is the mantra, really, in the National Assembly and the Welsh Government document, critically how important the third sector is. When we see a budget line dropped from £7.3 million to £6.8 million, a £495,000 cut for 2015-16, which is another £195,000 from the indicative cut, that means, as Lindsey said, that we will go from 4.1% to 6.9%. So, we might say, 'So what?' What I did very quickly was that I went through and spoke to a number of organisations and asked, 'What is the value of the third sector?' I had some reasonably good examples. Mindful of the commentary around invest-to-save and the social return on investment, I had good examples, such as the Wales Co-operative Centre's financial inclusion project. The Welsh Government funds it to the tune of £75,000 a year. It has pulled in, separate to the Welsh Government funding, £2 million. So, in terms of the delivery of public services, the Welsh Government, if

you like, has pump-primed the investment. Another example is the county voluntary councils. North Wales voluntary councils and volunteer centres receive, this year, £1.3 million in terms of this grant that has been cut by 6.9%. They, in turn, generate £2.7 million additional income to support public services. On a local scale, you have St Kentigerns Hospice, which, for every pound that the Welsh Government provides, it raises another £3, again, to deliver meaningful services.

[281] Finally, I was reminded the other day—because you tend to forget as time goes by—around the question of value in the third sector, that Denbighshire Voluntary Services Council bid for the Communities First project in Denbighshire. We had the overwhelming support of the local partnership, but when the decision was made as to who the lead body would be, we were vetoed by the Welsh Government in substitution for the Co-operative Group, a private sector group. I was reminded about that the other day. It must be 18 months. So, there are tensions and irritations, and we do our level best with the budget that we have to actually calm troubled waters and manage the project in the best way possible. I thought that I would just mention it because I did promise the groups, because we did not submit any evidence. However, the minute that they knew that I was coming here to see Assembly Members, I was deluged with evidence.

[282] Sorry, Ann, going back to your question—

11:00

[283] **Ann Jones:** Right. How do you go about the process of financial planning in your organisations and how much do changes to the budgets impact on what you are doing? I think you have given us some good examples there of what—

[284] **Mr Watkin:** My trustees, for next year, have started the budget process already and, sadly, we have had to make cuts even this year in relation to 2014-15. We have had to reduce the volunteer centre budget, because we had overspent. We have been subsidising the volunteer centre from other projects we had, but, with those projects expiring, the volunteer centres had to—. That has meant, Ann, that we have had to move out of Rhyl, which is really sad, because, obviously, we wanted to give maximum support in Rhyl.

[285] As for the other issues, yes, our trustees are fully briefed on next year's budget, in line with this new draft budget. There is a meeting on 31 October where the trustees are going to come up with a new restructure of DVSE from April next year. Clearly, I know what is in the report because I produced it and it is not going to be good news for the staff.

[286] **Ms Hicks:** We are actually more reliant on local government funding, so our concern is that local government funding is reducing. One of the areas where local government has been cutting year on year is third sector spend. So, we are not so much concerned about the Welsh Government budget but the effect of the Welsh Government budget on local authority priorities, and the fact that local—

[287] **Jocelyn Davies:** When will you know? When will local government—? Obviously, they have gone out from here and they are not very happy, I have to say. When will you know what their decision will be about your funding?

[288] **Ms Hicks:** In previous years, we have tended to know in January or February about cuts that will happen on 1 April. There are planning processes that happen and we are given indicative ideas about the cuts, but they have come out at a late date generally. Those cuts can really affect us because, as a third sector organisation, most of our funding goes into the front-line delivery of services. There is very little that goes into back office and into the infrastructure of the organisation; most of it does go to services. So, when we have a cut, we

need to plan how that is actually going to affect the services that we deliver and the organisation itself as we deliver, not just in terms of staff redundancy, but actually in terms of how we can restructure our services so that we are giving the best outcome for individuals and to service users, rather than it just being a case for the internal planning process.

[289] **Jocelyn Davies:** Peter, shall we come to your questions?

[290] **Peter Black:** As I understand it, the third sector has regular meetings with Ministers to discuss a whole range of issues. To what extent are those meetings able to be utilised to plan and respond to changes in funding as a result of budget decisions?

[291] **Ms Williams:** Ministerial meetings are not supposed to be used for individual organisations' funding, so it would not be appropriate for the WCVA to raise our funding with a Minister.

[292] **Peter Black:** But you would get a sense of direction, would you not?

[293] **Ms Williams:** We get a sense of direction. I am sure that Ministers are fully aware of the third sector concerns that have been raised in ministerial meetings and also at the third sector partnership council, but, I have to ask, to what effect at the moment?

[294] **Peter Black:** Okay. You discuss it but they are not listening.

[295] **Ms Williams:** I think that is a sentiment that would be shared.

[296] **Peter Black:** Can that process be improved?

[297] **Jocelyn Davies:** Peter, before you go on, did you want to add something directly on that, John?

[298] **Mr Watkin:** I do. I am speaking now specifically for Denbighshire in relation to the question about ministerial interaction. We have had, on occasion in the last 18 months, concerns with our local authority over the direction that has come from Welsh Government in relation to specific funding. When we raised it with the Minister—initially it was Carl Sargeant on one issue, and separately it was the Minister Mark Drakeford—on both occasions, the issue got resolved. So, from our trustees' point of view, and that of the third sector, the concerns that we had in Denbighshire, when we escalated them, they were addressed and resolved to the satisfaction of the third sector.

[299] **Peter Black:** You have just illustrated my follow-up question, which is: can the meetings be improved to try to resolve these budget issues? Should you be having specific meetings around the budget, for example?

[300] **Jocelyn Davies:** There are dangers attached to that, are there not? If every single organisation wants a ministerial—

[301] **Peter Black:** I was thinking of the third sector generally.

[302] **Ms Williams:** Yes. We do have meetings with the Minister for finance, and we have made these points that we are making to you this morning to the Minister for finance. The pressure that is on Welsh Government's budget feeds through to officials, who are required to make savings, and I have to say that perhaps the third sector is seen as an easy target to make those savings. So, that is why we are seeing unexpectedly large reductions for next year.

[303] **Peter Black:** Heaven forbid.

[304] **Jocelyn Davies:** Are you okay, Peter?

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

[306] **Jocelyn Davies:** Chris, shall we come to your questions?

[307] **Christine Chapman:** Yes, okay. We have sort of touched on this. Obviously, you have mentioned the drop in funding, which you said has taken you back a little bit. Can you just expand on how the reduction will actually impact on your organisations, on maybe a day-to-day basis?

[308] **Ms Williams:** On my particular organisation, or across the sector?

[309] **Christine Chapman:** Across the sector, really.

[310] **Ms Williams:** As I said earlier, this comes on top of year-on-year reductions in funding. So, there is not a lot of slack there to cut. If we have to make significant savings, that is going to affect staff. The problem is that the staff support volunteers. Very many of our organisations have a small amount of core funding, but they are able to draw in, as John has illustrated, additional funding and additional resource, and that includes a lot of volunteer time and effort, but volunteers are not free, they do need support, and they very often have the support of paid staff. So, it will have a knock-on effect. A lot of organisations are working with the most vulnerable people in our society, and I believe that, in the next evidence session, you have Cymorth Cymru, who will no doubt give you very practical examples of how that is going to impact on their organisation.

[311] Perhaps one example that I can give, which is from this year, is that you may have been aware that there was a lot of press coverage of a potential cut to Powys Citizens Advice Bureau of £93,000 provided by the local authority. That organisation drew in over £300,000 in additional funding, including from my own organisation, the WCVA, which had given a grant towards supporting its volunteers. So, the loss of that £90,000 or so local authority funding could impact on another £300,000 of investment, because they simply would not be able to deliver. The Powys CAB estimates that it brings an additional £2 million to the local economy in the area by providing advice to people on benefits to which they are entitled. So, a loss of £90,000 in grant can actually have a significant impact on the local economy.

[312] **Jocelyn Davies:** John, did you want to add something to that?

[313] **Mr Watkins:** Following on from the CAB example, I suppose, we are here to talk about the third sector budget and the issues, but, as has been indicated, we are so embedded in the local government settlement—. A good example in Denbighshire is that we have had a heads-up in the community that the welfare rights unit, for which we have lobbied long and hard to be outsourced to the third sector, for the past five years, because we think that we can do a better job in the third sector—. They are cutting the budget proposal from £550,000 to £350,000. So, they are going to cut £200,000, and they are going to outsource it. By their own acknowledgement, it will be a reduced service. Individuals in Denbighshire are used to being supported by the CAB, the benefits advice shop and the welfare rights unit. If there is a reduced service coming from welfare rights, it is going to impact heavily on the third sector. For the third sector to be subjected to cuts through the regime anyway means that it is a double whammy—and it hurts. That is really just one example.

[314] Another area is the whole thing around Supporting People. In the statement £5.8 million was cut, if I remember rightly. The word 'decommission' has been mentioned in the draft document. A significant number of third sector organisations are commissioned, and

Supporting People, in principle, is about supporting individuals to lead independent lives. In other words, it is the preventative services, and here we have £5.8 million just being taken. That is on top of cuts to the Supporting People programme in previous years. It is a cause for real concern that, as well as, as Lindsey said, the direct cuts from Welsh Government to the third sector, it is also the cuts that come through the health board, the local authority or the colleges. Third sector access is funded from a variety of sources, but in lots of instances it all points back to Welsh Government.

[315] **Jocelyn Davies:** Lindsey, in terms of your members, what would be the effect on the terms and conditions of people who work for the third sector?

[316] **Ms Williams:** Third sector organisations are subject to employment law the same as anybody else, so, when we have late notification of decisions, that means that we are sometimes on the back foot in terms of giving staff proper notice of potential redundancy. That sometimes means that we have to draw on quite slender reserves. It is very unsettling for staff, and I appreciate that this is not just across the third sector, but across the public sector as well. People have rent or mortgages to pay and all their bills to pay. If they feel that they are in an organisation that has possibly six months of funding certainty, or possibly a year, they are going to look elsewhere. So, it can have an impact in that sense too.

[317] May I also make one more point about not simply the cuts of Welsh Government, but also some of the changes that we are seeing in terms of the kind of support from Welsh Government? It is the move from core funding to project funding, and no recognition that organisations need to have their overhead costs met. Although, in the funding code of practice, there is a clear commitment from Welsh Government to full cost recovery, that is not being seen in practice. There also appears to be a shift in terms of more procurement—a move from grants to procurement. I know that there are officials working in Value Wales, and so on, who are trying to mitigate some of that, but it is an evident trend and it is not working in the interests of the sector and the people whom we work with.

[318] **Jocelyn Davies:** John, did you have a brief comment and then we will come back to Chris's questions? John did you have something you wanted to add?

[319] **Mr Watkin:** Yes, I just wanted to make a point. I went to a meeting with Jane Hutt in May about the budget round, and I raised this issue about procurement tenders versus grants. We have a specific issue in north Wales around Betsi Cadwaladr University Local Health Board, which has decided to commission mental health services by tender. I remember a letter from Lesley Griffiths two years ago, when she was Minister for health, that went round all the chief executives of the health boards to say, 'Tendering is not the default option'. I reminded the chair of Betsi Cadwaladr of that letter and I was told that it relates to regulations that are common across Wales. So, I have asked WCVA to do research for all the health boards. The concern we have, if we break it down, is that third sector organisations were grant-aided before. If it now goes on Sell2Wales, as it will, private sector organisations will be able to come in, as well as other third sector groups. If the local third sector groups do not win the contracts, the volunteer network and the infrastructure locally will be destroyed. We have 18,000 volunteers in Denbighshire alone, and some of them will be supporting the whole—. So, it is a worry whenever tenders are discussed.

[320] **Jocelyn Davies:** Okay. Chris, shall we come back to your questions?

[321] **Christine Chapman:** It follows on quite nicely, really. We know that the Welsh Government priority is that there should be a shift in focus towards tackling poverty, supporting local communities and supporting changes to public service delivery. These are priorities of the Welsh Government, but should these be the priorities of the Welsh Government in delivering third sector infrastructure? Do you see the budget allocations

reflected in this, or is it a complicated situation?

[322] **Ms Williams:** The third sector action that is published in the budget refers to the funding for WCVA, CVCs, the criminal record unit and a large national grant programme, Volunteering in Wales. That is infrastructure support in the budget line, and that is the one that I referred to earlier that is taking a greater cut than we were expecting. Across the piece, clearly, a lot of the work of the sector is very much about supporting very vulnerable people, and about taking preventative action and providing community services. All of these are in danger of fragmenting, when we have a very unreliable system in which funding is, year on year, being cut and cut. It is no basis on which to plan preventative services, and that seems to be the emphasis in the budget.

11:15

[323] **Christine Chapman:** Obviously, they are saying that there should be a shift in focus towards tackling poverty. Are you actually saying that this is happening in any case, so any further cuts will just make that worse? Do you see what I mean? It seems almost like a new priority, but in reality—

[324] **Ms Williams:** I would say that tackling poverty has been a key priority for the sector for a very long time. My own organisation was set up in 1934 to help unemployed miners, so a lot of the sector is helping with people who are very marginalised in any case.

[325] **Christine Chapman:** Okay, that is fair enough.

[326] **Mr Watkin:** Yes, we are talking about the third sector grant that comes to the voluntary councils, but of course, we are there to support the voluntary community groups in our counties, so we look at the budget in a wider context. What concerns us is that, as much as the third sector is driven and motivated to support people in the community in all issues, when you have an issue where £2.32 million is being cut from the Communities First budget, £5.8 million is being cut from the Supporting People budget, and £4.95 million is being cut from the communities facilities programme, all of those three elements, which I think are in the communities and tackling poverty portfolio, will directly impact on the third sector. This is a third sector that is committed to supporting poverty. It is very hard when we go back to the groups to explain to them why it is that the work that they are delivering is not being recognised, at least not in the same way as the youth justice budget, where it is more, or where it is 'no change'. We can understand that domestic abuse is a key issue, but for these other elements, it is difficult to explain to the third sector, which takes us back to the point. They ask, 'Does the Welsh Assembly really know what we are doing on the ground? How valued are we?', or 'Do they see volunteering as a cheap way in to deliver local public services?' Those are their words, not mine.

[327] **Christine Chapman:** To pick up on Peter's and, I think, Nick's point, the process of engagement with Welsh Government could obviously be improved, so that they could know more about what you actually do and what you offer. Okay. Ele, did you want to add to anything?

[328] **Ms Hicks:** Yes. I think the focus on preventative spend is very important, but we are also finding things around tackling poverty and preventative measures that seem contradictory, like cutting Supporting People, which is all about maintaining independent living. It is not just about having a home and a safe home, but about having the services to live to your full potential and maintain an independent life—which is also a route out of poverty. So, it is about that idea of how far the preventative spend goes and how much that is balanced with maintaining services that the most vulnerable in society do need. Whether that service is provided by the third sector or the public sector, there is that idea that the

preventative is very important and that that will safeguard and save money for future generations. However, there is also a generation of people now living in poverty and dealing with the effects of poverty, and that cannot be a situation where preventative measures are at the expense of the most vulnerable in society.

[329] **Jocelyn Davies:** Ffred, shall we come to your questions?

[330] **Alun Ffred Jones:** Diolch yn fawr. Byddaf yn gofyn yn Gymraeg. A gaf i fynd yn ôl at y rhaglen Cefnogi Pobl? A oes gyda chi enghreifftiau o sut y byddai gostyngiad yn y gyllideb hon yn effeithio ar wasanaethau rheng flaen a ddarperir gan y trydydd sector? **Alun Ffred Jones:** Thank you very much. I will be asking my question in Welsh. Going back to the Supporting People programme, do you have any examples of how the decrease in this budget will affect front-line services provided by the third sector?

[331] **Mr Watkin:** Is that directed at me?

[332] **Jocelyn Davies:** Who wants to answer? John, shall we start with you?

[333] **Mr Watkin:** Currently, Supporting People supports Glyndŵr Women's Aid, NACRO and a number of other third sector organisations. Now, we do not know as of yet, with this proposed cut, how it will impact on them, but it will, because, predominantly, Supporting People goes directly to a lot of third sector groups. So, there is going to be a lot of hand-wringing, if you like, in the next few months, as to how the organisations are going to manage the cut. Now, on a positive note—because there is always a danger with a lot of negativity—we are into collaboration, so the third sector groups, when they are presented with this, will look to see how they can work together, pool the resources, achieve the economies of scale in the back office, to still put the clients first on a reduced budget. So, how that will pan out, I have no idea, but I am confident that we will not just pull the plug, and that we will do our level best to ensure that there is a service there.

[334] **Jocelyn Davies:** Lindsey, do you have something to add to that?

[335] **Ms Williams:** Well, I would just say that my understanding is that the cut, again, is rather greater than was indicated earlier on. That is going to be a problem. On the ground, organisations are slightly left with the feeling that, although they want to collaborate and want to cut costs, these sorts of things take time and they take trust, so it is not something that you can do overnight. You cannot just ask organisations, 'Look, there are two of you operating in this local authority, so why don't you merge?' They are independent organisations, they have trustee boards, and they have all sorts of requirements that they have to fulfil, not just with Welsh Government or local authority. You cannot make these kinds of changes as rapidly as people feel they are being asked to.

[336] **Alun Ffred Jones:** A fydd y toriad i'r rhaglen hon yn gyson ar draws Cymru? Ai canran debyg fydd yn diflannu o bob ardal? **Alun Ffred Jones:** Will the cut to this programme be consistent across Wales? Will there be a similar percentage disappearing in every area?

[337] **Mr Watkin:** I have no idea. All I know is that, according to the figures we have seen so far, there is an average cut in the local authority settlement across Wales of 3.4%. In Denbighshire, the cut to the local authority is 3.7%.

[338] **Alun Ffred Jones:** A gaf i gyfeirio hefyd at y ffaith bod y Gweinidog Cymunedau a Threchu Tlodi wedi dweud y bydd y lefel gweithredu ar ddirgaredd yn **Alun Ffred Jones:** May I also refer to the fact that the Minister for Communities and Tackling Poverty has stated that action on homelessness will be protected in this draft

cael ei diogelu yn y gyllideb ddrafft hon? A budget? Do you have any comments on the oes gennyh unrhyw sylw ar flaenoriaethau relative priorities of the Welsh Government cymharol Llywodraeth Cymru yn hyn o beth? in that regard?

[339] **Ms Williams:** Nobody could say that homelessness is not an absolutely important thing to protect, but the danger in a decreasing funding environment is that, if you protect one thing, and you are still trying to make cuts of whatever it is, 4%, 7%, it has a knock-on effect elsewhere. I think you have to look at the bigger picture and realise that disinvesting in one service may very well have a knock-on effect somewhere else.

[340] **Alun Ffred Jones:** A gaf i jest ofyn Alun Ffred Jones: May I just ask a cwestiwn? Rwy'n meddwl bod cyfeiriad question? I think a reference was made to wedi'i wneud at *back-office costs*. Rydych back-office costs. You say that the Wales chi'n dweud bod gan Gyngor Gweithredu Council for Voluntary Action has a staff of Gwirfoddol Cymru staff o 100. Beth yw 100. What are the central costs of that costau canolog y gwasanaeth hwnnw? service?

[341] **Ms Williams:** In terms of central costs, do you mean staff costs?

[342] **Alun Ffred Jones:** Staffio, swyddfa, Alun Ffred Jones: Staffing, office costs, pensiynau—popeth fel yna. pensions—everything like that.

[343] **Ms Williams:** Well, of the approximately £600,000 of core funding that we would get from Welsh Government, a significant amount goes into staff and office costs, recharged, but then we draw in a lot of other funding beyond Welsh Government that funds our project work.

[344] **Alun Ffred Jones:** Ond ni fydddech Alun Ffred Jones: You would never be able chi byth yn gallu cadw 100 o staff â to maintain 100 staff with £600,000. £600,000.

[345] **Ms Williams:** Well, because we get funding from elsewhere, no. Welsh Government does not pay for all of them.

[346] **Jocelyn Davies:** So, it is complicated.

[347] **Ms Williams:** It is a complicated picture.

[348] **Alun Ffred Jones:** Trio gweld yr Alun Ffred Jones: What I was trying to see, oeddwn i, madam gadeirydd, beth yw cost Chair, is what the core costs of that service ganolog y gwasanaeth hwnnw o gymharu â'r are as compared with the expenditure that gwariant sy'n dod o'r pwrs cyhoeddus, drwy comes from the public purse, throughout Gymru. Wales.

[349] **Ms Williams:** The finances of our organisation are complicated, because we get funding from Welsh Government, from Europe, from charitable foundations, and from a range of sources, but our core funding is a critical ballast for the organisation. I can simply say that, over the last year, I think that we have lost about 12 staff. If this is going to continue, we are faced with deciding that we cannot provide training for voluntary organisations, or we cannot provide the same level of governance advice.

[350] **Jocelyn Davies:** Peter, did you want to come in on this point?

[351] **Peter Black:** Just very quickly. The Government is talking about protecting the homelessness budget, but is that actually possible when you have a £10 million cut in

Supporting People, which provides a lot of the related services around homelessness?

[352] **Ms Williams:** I think that a lot of organisations would say ‘no’. However, I understand that you will be seeing Cymorth Cymru, and I am sure that it will give you more detail on that.

[353] **Jocelyn Davies:** Fred, had you finished your questions? John, did you have a brief point to make before I move on to Julie Morgan?

[354] **Mr Watkin:** Yes, as a matter of information, really. A question was asked about what percentage of the overall budget goes on staff costs. We have just put a draft budget together for next year, and I can say that, in terms of Denbighshire voluntary services council, which includes the volunteer centre, when we incorporate pensions, national insurance and salaries, it reflects 77.23% of our core budget. The core budget includes what we expect to receive from the Welsh Government next year, what we expect to receive from the health board next year, and what we expect to receive from GwirVol. So, it is 77.23%. On top of that, we are now focused on the non-staff costs. We are looking to drive those down and reduce our premises costs, to ensure that every penny we get in public money goes on the front line and that our other costs are minimised.

[355] **Jocelyn Davies:** Okay. Julie, shall we come to your questions?

[356] **Julie Morgan:** This question is about preventative spend, which we have, obviously, had some discussion about already. I wonder whether you could tell us how you think preventative spend is reflected in the Welsh Government’s budget allocation, and whether you have seen a move toward more emphasis on preventative spend over recent budgets.

[357] **Mr Watkin:** In the period of cuts that we are facing—and I know that we have talked about Supporting People and Communities First—I find it very difficult when we see stable budgets in other areas, so it is a difficult question to answer. For our part, we would advocate an increase in preventative spending. We would like to see a significant increase, because we believe, as everyone believes, that if we can put more support in to support people in communities, there is less reliance on the interventions of the health board and other services. However, if we start cutting some of these areas, it leaves people more isolated in the community and more reliant.

[358] I was reminded of an example by the health board not so long ago, when it was looking at its accident and emergency service, just to see what the situation was in terms of prevention and loneliness. It has had one person through the doors about 100 times in the last 12 months. When that person was asked what he was there for, he said that he had gone there for company, not because he was unwell. We should not be having that in our communities. We should be encouraging the third sector and investing in the third sector to ensure that the people out there who are lonely and who have issues are supported.

[359] **Julie Morgan:** So, you have not seen any greater emphasis on preventative spend. That is what you are saying, is it?

[360] **Mr Watkin:** No.

[361] **Julie Morgan:** What about you, Ele? Do you have any views on this?

[362] **Ms Hicks:** From a third sector perspective, it is quite difficult, because this is what we have always done: preventative measures and trying to tackle the causes of poverty and inequality. That is what the sector has always done. However, there are things in the budget that are often overlooked, like free prescriptions, which are vital to tackling in-work poverty.

That is something that is often overlooked. We focus on the preventative in tackling poverty, but free prescriptions are a vital element of that. Concessionary fares are a vital element of tackling poverty, but not necessarily at the lower end: at that preventative end, as well. On the other hand, there are issues like child and adolescent mental health services that have been shown to be grossly underfunded, and yet the increase in health spend does not appear to have gone into CAMH services. Obviously, tackling mental health issues early, when young people are young, does prevent those issues from becoming more severe, resulting in the transition into adult mental health services. So, there are issues there around whether the preventative spend is reflected in things like—. Well, if there is preventative spend, great, the mental health budgets have been maintained, but what about underspend for CAMHS? So, there are areas where we see there is no preventative spend, but other areas where preventative spend is clearly there.

11:30

[363] **Julie Morgan:** I think that that is a very important point, that the Welsh Government's protection of those universal services is preventative. I think that we, perhaps, miss that sometimes when we are talking about preventative spend. Did you have anything to say about this, Lindsey?

[364] **Ms Williams:** Just to add that the sector has a really vital role in prevention, early intervention and so on. If that funding is not protected, then society is going to be in a far worse place. This is an unashamed plea for saying that if you do not cut the third sector, you will actually help the position of statutory services that are struggling, because the sector has so much extra resource to bring in, in terms of additional funding and volunteer resource.

[365] **Jocelyn Davies:** It could be short-termism, in terms of cutting the budget to you, and then there could be a rise in the health budget, and preventative spend might not be consistent, although we can see that there are some very good examples of that.

[366] **Ms Williams:** Exactly that.

[367] **Jocelyn Davies:** It is not consistent. Julie, are you happy? The next question is from Ann.

[368] **Ann Jones:** My question has been answered.

[369] **Jocelyn Davies:** You have been very efficient in the way you have answered our questions.

[370] **Mike Hedges:** I am not going to pass. [*Laughter.*] We have seen with the cuts to local government that there is an expectation that the third sector will start filling some of these gaps, with things like libraries and some community centres, where the third sector plays a major part, but is likely to end up—I could talk about Swansea—having to fully fund the community centre, rather than receiving substantial grants towards it, as is the case at the moment. Do you see there being a growth in this, and how is this growth going to be funded, when you have decreasing funds?

[371] **Ms Williams:** That is a very good question. I am not sure that I have the answer. I think that the sector is interested and is willing to play its part in taking over things like libraries and leisure services, but that is not an easy transfer to make. You cannot just say, 'In three months' time the local authority is going to stop funding a library, and we would like volunteers to do it', and expect a voluntary group to come up with a business plan and the resources to do it. Again, I will just make the point that these transfers take time, and some kind of tapering support would be vital to the ongoing sustainability of those services. So, I

think that a small amount of core funding from the local authority—so, instead of going from it being a 100% local authority service to being totally run by the third sector—is needed to help it be sustainable.

[372] **Mike Hedges:** As health boards are likely to be awash with money next year, are you expecting more support from them?

[373] **Ms Williams:** It would be good if we had a small increase, because, at the moment, health boards provide, or spend rather, 0.4% of their overall budget on the third sector, so there is a lot of room to spend rather more than they do at the moment. I think the problem is that they are so focused internally on their own activities, they sometimes do not seem to have time to look above the parapet.

[374] **Mike Hedges:** They focus on hospitals.

[375] **Ms Williams:** Indeed.

[376] **Jocelyn Davies:** Peter, did you want to come in on this point?

[377] **Peter Black:** How many health boards have entered into compacts with the third sector?

[378] **Ms Williams:** How many have compacts? I am afraid I would not be able to give you an accurate figure. The problem is—. You can have as many of these kinds of documents as you like, but if they do not effectively engage, then it is just a meaningless token.

[379] **Peter Black:** If you do not have a compact at all, then there is even less engagement.

[380] **Ms Williams:** Indeed.

[381] **Mr Watkin:** Could I just make a point to Mr Hedges around the libraries issue and the cuts that they are facing? The one thing about the third sector is that it can be very entrepreneurial. In my area, in Denbighshire, we do not know yet what the cuts are going to be next year, but one group of volunteers has come to me, earmarking a library, and basically giving me an indication as to how it would manage it. It has actually written it down to the point that it wants to go into a co-production model with the county, whereby the county would keep the library on the circuit for the books, but the volunteers would man the library. It would also then bring a Costa Coffee into the library and develop it into a community centre. That is one example; I could give you loads of others.

[382] **Jocelyn Davies:** Other coffee shops are available; we ought to put that on the record right now. [*Laughter.*]

[383] **Mr Watkin:** It is just that, if we were given time, we could rise to the challenge.

[384] **Jocelyn Davies:** Yes, thinking outside the box.

[385] **Mr Watkin:** Yes.

[386] **Jocelyn Davies:** Mike, did you have anything else? No. Nick, shall we come to your questions?

[387] **Nick Ramsay:** I fancy a Costa coffee now—or any other coffee. [*Laughter.*]

[388] You are clearly fans of grants as the main mechanism for funding the third sector, but

we have seen a shift to funding by contracts and project funding. What discussions have you had with the Welsh Government about this? Are you getting your view across? Do you think that you will win through on this one, eventually?

[389] **Ms Williams:** We have had long discussions with the Minister for Finance and Government Business, Value Wales and individual officials. There is something called the ‘rapid response team’, which can review decisions. I am not sure where it sits, but it can review decisions about the move from grants to procurement and challenge it. Nevertheless, despite recognition of the problem, the trend continues.

[390] **Nick Ramsay:** You can usually be sure that something called ‘rapid response’ will not necessarily involve the sort of rapid response that we would associate—

[391] **Jocelyn Davies:** Maybe this is something that the committee could look at another time, in terms of how that actually operates. Are you happy, Nick, to—

[392] **Ms Hicks:** May I come in on that quickly?

[393] **Jocelyn Davies:** Yes, Sarah.

[394] **Ms Hicks:** For us, it is not so much the problem with the move from grants to procurement as the fact that procurement does not necessarily cover the core costs and the staff costs. It is usually seen as the cheaper option. The third sector is usually seen as the cheaper option then. It is about whether you can provide a quality service for that value. There have certainly been tenders that we have looked at and said that we are not happy with the level of service that would be provided under the specification. That has been the issue, not necessarily the fact that it is a contract and not a grant. It has been that the service specification is not for a level of service that provides an outcome that we are happy with.

[395] **Nick Ramsay:** So, what you are saying is that it is not blanket support for grants. You think that if there is to be—moving on to the value for money question—better value for money, you would fight for that, but if it could be filled elsewhere effectively, you would support that.

[396] **Ms Hicks:** Grants are not necessarily for the core costs of the organisation. It is also about how procurement is done and whether it actively supports an organisation and supports the best possible outcomes for citizens. In some of the contracts that we have seen, the money is so low that we just do not feel that outcomes for citizens could be provided effectively with that amount of money.

[397] **Nick Ramsay:** That is very helpful.

[398] **Jocelyn Davies:** I think that I saw an example of Leonard Cheshire Disability saying that it was no longer going to go for any contracts that had 15-minute home visits in them. It was not even going to try for those. Is that the sort of thing you mean? It might mean people going on a zero-hours contract to enable you to do that. John, did you have something to add? Then we will come to Mike’s question.

[399] **Mr Watkin:** It is a technical point on time. It is crucial, and we have raised it with the Assembly on a number of occasions. Any body that contracts with Welsh Government on a full cost-recovery model is going to be out of pocket if the contract is more than two years, because, under the rules that currently exist, the cost of redundancies is an ineligible spend. There was a classic example with Families First; I had to advise groups in my area to be very aware, if they were bidding for Families First contracts, of the guidance that came from Welsh Government on ineligible spend on redundancy. The same issue applied to the

Communities First programme, but there was a variation there. The Welsh Government varied it slightly for smaller groups if they were strapped with a cash-flow issue. It is a real concern. I have raised this with the National Audit Office, I have raised it with Value Wales—

[400] **Jocelyn Davies:** Now you have raised it with us. We will make a note of that.

[401] **Mr Watkin:** Yes. If there is one thing we could do, it would be to have a playing field that was reasonably fair for organisations that, if they were going to contract, they were not out of pocket.

[402] **Ms Williams:** Could I also add that grants are exempt from VAT but that contracts are not? We cannot recover VAT in the way that a lot of public bodies can.

[403] **Jocelyn Davies:** I see. Mike, shall we come to your questions on value for money?

[404] **Mike Hedges:** Yes. VAT is a very complicated area, though, is it not? The Welsh Government published a revised code of practice for funding the third sector as an annex to its revised third sector scheme in January 2014. Have you seen any benefits from it?

[405] **Ms Williams:** The funding code of practice is an extremely welcome and useful document and we would like local authorities to follow a lot of the principles contained in it, but it is largely about process and I think that the comments that we made earlier in this session about lack of early and constructive dialogue and so on and timely decisions negate these principles. These are about process, however, and the budget is obviously about an amount of funding. So, the two do not necessarily equate.

[406] **Mike Hedges:** Okay. I am happy.

[407] **Jocelyn Davies:** Nick, I think that the last question goes to you.

[408] **Nick Ramsay:** Thanks, Chair. Are you concerned that the reductions in funding to provide advice and support to ensure that the good governance and sustainability of third sector organisations may end up worse value for money for the taxpayer? It sounds like a long question—

[409] **Ms Williams:** Could you repeat the question?

[410] **Nick Ramsay:** Yes. I am sorry. With all of the stuff that we have talked about, ultimately, will there be a reduced value for the taxpayer because of the reductions in funding that you are getting?

[411] **Jocelyn Davies:** Lindsey, I think that you mentioned earlier on that you were worried about good governance advice to organisations that you centrally provide.

[412] **Ms Williams:** Yes. That is one of our key roles and one of the key roles of CVCs at a local level is to provide good governance advice and so on. Obviously, better management should lead to better organisations and better value for money. The more you undercut organisations and make them run on a shoestring, the more unstable they become and the more shortcuts are made. In the long term, does that sound like a recipe for good value for money? No.

[413] **Nick Ramsay:** It is self-defeating, is it not? If you cut money to those budgets, you might think that you are making a saving, but actually, the taxpayer is—

[414] **Ms Williams:** Yes. The key message is that you cannot actually make very significant savings from the third sector without doing very significant damage.

[415] **Jocelyn Davies:** Is everybody happy? Yes. Thank you very much and thank you, Lindsey, for standing in at such short notice. You did a very good job of that. We will send you a transcript and if you could check it for accuracy, we would be grateful. Then we will be able to publish it.

[416] We will break now for five minutes so that the next lot of witnesses can be brought in. So, if you could come back before 11.50 a.m., that would be great.

*Gohiriwyd y cyfarfod rhwng 11:42 ac 11:48
The meeting adjourned between 11:42 and 11:48*

Cyllideb Ddrafft Llywodraeth Cymru 2015-16: Sesiwn Dystiolaeth 5 Welsh Government Draft Budget 2015-16: Evidence Session 5

[417] **Jocelyn Davies:** Welcome, everyone, to the Finance Committee. This is evidence session 5 on the Welsh Government draft budget for 2015-16. We have representatives from the third sector with us today. Perhaps you could introduce yourselves and your role, for the record, and then we will go straight into questions, if that is okay. I will start to my left.

[418] **Ms Miller:** Good morning. My name is Auriol Miller, and I am the director of Cymorth Cymru.

[419] **Ms Austin:** Hello. I am Sam Austin from Llamau; I am the operational director and deputy chief executive.

[420] **Mr Hatch:** Hi. I am Simon Hatch; I am the director of Carers Trust Wales.

[421] **Mr Rees:** I am Kieron Rees; I am the policy and public affairs manager for Carers Trust Wales.

[422] **Jocelyn Davies:** Thank you. The Welsh Government's annual report states that the third sector is a valued partner, which it needs to continue to support going forward. Do you think that this draft budget achieves that stated aim? Shall I start with you, Auriol?

[423] **Ms Miller:** Obviously, the main budget line that is of concern to Cymorth Cymru in this particular conversation is around Supporting People. We are very concerned about the additional £5.8 million cut to the budget in addition to the £4.1 million that was already in the indicative budget last year. So, that additional cut is double what we had previously been expecting and working towards. You will have already heard from WCVA that only 2.2% of Welsh Government spending is spent on the third sector, and that has decreased from 2.7% in 2009 and 2010. Health's part of that third sector spending was only 0.4%, and local authorities 2.6%. We know, and I know that you have heard evidence this morning, how cuts to the third sector have a disproportionate impact on vulnerable people in Wales, and have a disproportionate impact in terms of other budget lines. We would like to talk a little bit more about that this morning.

[424] **Jocelyn Davies:** Does anybody have anything to add to that or are you all in agreement?

[425] **Mr Rees:** I think what is important to remember is that, when it comes to the third sector and the funding of the third sector, although those dedicated budget lines in the Welsh

Government budget are important, there is also a far broader question. A lot of our network partners across Wales that deliver vital carer services locally do so out of local authority budgets and, as such, the downward pressure on local authority budgets has previously had and will continue to have a sizeable impact on the ability of these services to deliver quality for carers in Wales. I think that it is safe to say that a lot of carers in Wales are already seeing the beginning of a withdrawal of services, including day centres. We have seen the funding for young carers projects slashed in a couple of local authorities, and what is starting to look like a managed decline, which is particularly troubling when we know about the vital role that these carer services play in preventing hospitalisation and ensuring the wellbeing of not just the person being cared for but the carer as well.

[426] **Jocelyn Davies:** Kieron, you mentioned the young carers budgets being slashed. I thought that young carers had a statutory right to an assessment.

[427] **Mr Rees:** Young carers do have a statutory right to assessment and all carers will have a statutory right to assessment under the Social Services and Well-being (Wales) Act 2014. It is the funding of young carers services, so, for example, young carers projects, that have had their budgets reduced—

[428] **Jocelyn Davies:** Yes, but if you have had an assessment and you need access to a project—. So, the assessment is statutory, but the provision of the service to help you is not?

[429] **Mr Rees:** That is correct.

[430] **Jocelyn Davies:** Oh my goodness. Okay.

[431] **Christine Chapman:** Could I come in on that?

[432] **Jocelyn Davies:** Yes, Chris.

[433] **Christine Chapman:** Obviously speaking to Carers Trust Wales, could you say something about the impact that the intermediate care funding will have—you know, the impact of that not being ring-fenced? Could you say something about that?

[434] **Mr Hatch:** Yes. The intermediate care fund is a bit of a double-edged sword as far as we are concerned. It is excellent in aim, but it has not been excellent in delivery. The reason I say that it was not excellent in delivery is that, if you are going to create a single-year pot of funding, that militates against sustainable funding for the sector or the integrated partnership working between local authorities, health and the third sector, which is really what it is trying to get to. It can pump prime pieces of work, but it does not allow sustainability, and the way it was developed, frankly, has allowed for a certain amount of game playing, because it means that there is a dash for cash, which there should not be. The reason there is a dash for cash is because so many local third sector organisations—ones that we support nationally and ones across the sector—are in such a difficult situation.

[435] We absolutely applaud the idea of integration and it needs to be expanded across the way that the third sector works with health and social care; it not being there will have a direct impact on services. So, we would certainly want to see more funding being put into that type of cross-sectoral work, but it needs some considerable support and planning. One of the issues was that the money immediately went to sit with local authorities, and the third sector, for example, is a lot wider than just community voluntary councils, CVCs. So, there have already been practical issues about people who are not directly involved in a CVC accessing funding. So, it has been less than ideal, but a very important principle, and losing the principle and the extra money that went with it will, by definition, have an impact on services.

[436] **Jocelyn Davies:** When did you have an indication that the cut was going to be quite considerable to Supporting People?

[437] **Ms Miller:** When the draft budget was announced.

[438] **Jocelyn Davies:** Is that when it was published?

[439] **Ms Miller:** Yes.

[440] **Jocelyn Davies:** Obviously, we have heard that you were expecting a certain cut and then it was—

[441] **Ms Miller:** We knew that there would be a cut, but we did not know how big it would be.

[442] **Jocelyn Davies:** Okay. Ann, shall we come to your questions?

[443] **Ann Jones:** To go back then, in reality, how do you as organisations plan or go about the process of your financial planning? How much do the changes in the budget have an impact on what you do?

[444] **Ms Millar:** The first thing to say is that, obviously, you will have heard from the WCVA this morning about the code of practice for funding third sector organisations and principle 8, which is that the Welsh Government commits to funding full cost recovery of organisations delivering services. We are concerned that the expectation on local authorities that that will also be the case is just not what we are seeing in practice. It is very difficult for third sector organisations to respond to impacts based on the published documentation, because there is not sufficient detail and the decision is not made at that point as to who is going to get what.

[445] So, in terms of Supporting People, that decision is made by the local authority based on the advice of the regional collaborative committee. Where we work alongside our statutory partners—. Our members work alongside our statutory partners—health, probation, local authorities, landlords and support providers—to provide that advice on a strategic basis, per region, to the local authority. However, if we are not going to get a definitive answer before 31 December as to the outcome of this budget consultation process and scrutiny process, it is very hard for organisations to then manoeuvre themselves within the space of January to March, and deal with all the statutory obligations they have, to reconfigure and also be in a position to deliver against the new legislation, which we wholeheartedly support bar the removal of priority need to prisoners in terms of the Housing (Wales) Act 2014. So, you are squashing that ability to respond into a very short space of time.

[446] I think that we have to be reasonable bearing in mind the wider context. I think that we are being reasonable in terms of what we are calling for. We have had a year's notice of the £4.1 million-cut last year, and organisations have been working with our partners to re-gear themselves for that. However, to slam another £5.8 million on top of that in such a short space of time is a very big ask, and we are very concerned about the effect that that is going to have. Sam can talk a little bit more in detail about what that means for an organisation—

[447] **Jocelyn Davies:** Yes, because your organisation runs projects.

[448] **Ms Austin:** Absolutely. Of course, on top of the additional cut, there is obviously the redistribution that is happening across different local authorities, so that has to be factored in. So, we work across a number of local authority areas. However, in Cardiff, for example, the cut that we are expecting is potentially going to be very huge and very destabilising to

services. What we need and what should be happening with guidance from Welsh Government is that the RCC should be looking strategically, as Auriol said, at where services should be cut. However, if those cuts have to be made in March, there is no time at all to make those strategic decisions. So, what we have had year on year is, for want of a better phrase, salami-slicing across all of our budgets, which means that we have now got to that tipping point of how we can deliver services effectively.

[449] Support providers like Llamau across Wales have been making sure that we have been cutting our back-room costs and reducing salaries. Staff have not had salary increases for years. So, we have this really good will of staff, but you get to that tipping point where the issue is how you can deliver services safely. At Llamau, we work with very vulnerable young people and women, as you know. They can be very chaotic at times and they can be very challenging in their behaviour. We need to have very high-intensity support services going into that. If those services are cut down to the bone, we cannot provide that intensity of support. So, what happens to those people then? Where do they go? That is a real concern. It is all very well to talk about the organisation, but how it affects individuals day in, day out, across Wales is my biggest concern.

[450] **Jocelyn Davies:** So, do you think that we will see individuals losing support altogether?

[451] **Ms Austin:** I think that what will happen is that, if cuts are made to this extent and not strategically, those who provide high-intensity support services for the most vulnerable will not be able to deliver those services because they will not be funded. So, for example, Cardiff is proposing a flat rate of around £300 per week for 24-hour supported housing projects. Now, back when Supporting People funding came directly from Welsh Government, for our services, we were getting about £418 per week. So, you can see, per bed space, how that is going to affect services. Then what will happen is that providers will be asking, 'Well, can we actually manage the risk of those who have the most challenging needs?' There is potential that they will take the people who are perhaps easiest to manage and to support. As an organisation, that is completely against our ethos and our culture. We have always worked with the most hard-to-reach and challenging people. However, it is very difficult to do that when you do not have the money to do it and when you cannot safely manage the risk to others, the individual and the staff who work in those projects.

[452] **Ann Jones:** Okay. If I may carry on—and I will come to carers in a minute—you indicated quite clearly in your response to the draft budget that you would like to see the reduction closer to the £4.4 million that you were looking at. Have you any ideas on how you will seek to achieve that aim?

12:00

[453] **Ms Miller:** We think that it is fundamentally for the committee to decide what to advise on. What we provide in terms of Supporting People is the glue that keeps the pieces of the jigsaw together. We have lots of examples, and we will come up with a couple of concrete ones now, in terms of the individual cost savings to a number of different budget lines, whether it is health, education, criminal justice, or community safety—right across the board. So, we would suggest taking a small chunk of those budgets to keep the 5.8% still in the budget for this year, because it is a drop in the ocean in comparison with what is going on. You have already had a statement from the auditor general on Monday around the disproportionate effect of this cut in relation to the health budget and whether it is worth putting it into health when these services are going to be cut.

[454] **Ann Jones:** So, based on that, you are coming here and asking us to support that, but we have had local government in earlier, which was—I suppose 'squealing' is not the word to

use, but I cannot think of one at the moment—not very happy with the local government settlement. We had the Welsh NHS Confederation in last week, which, surprisingly, although it has seen an increase, is still saying that it could do with some more. Do you recognise that the Welsh Government has seen a £1.7 billion reduction in its block grant, so there has to be prioritisation? *[Interruption.]* Well, whatever the terms, there is at least a £1.7 billion reduction since 2010. So, there have to be priorities. What evidence do you have that we should support your claim here as opposed to everybody else's claim?

[455] **Ms Austin:** I can talk about some of the outcomes that we have in our services. Before I go into that, one of the important things to realise is that, as Auriol said, we are providing a prevention service that actually stops people from accessing tier 2 and tier 3 services across the board. So, as an example, we recently carried out a three-year research project, looking at the needs of young people who are homeless, with Cardiff University. What we found, from following those young people over three years, was that 86% of those met the criteria for a current mental health condition, 93% met the criteria for a lifetime psychiatric disorder, and 80% met the diagnosis for two or more current psychiatric conditions. However, those people are not going into those tier 2 and tier 3 services, because the support that we provide, which is very specialist, and the added value that we are also able to provide by bringing money in from trust funders to provide specialist training and specialist support around mental health services is preventing people from having to access those very costly tier 2 and tier 3 services. So, the cost of somebody who has a chaotic lifestyle accessing the NHS is going to be around £141 to £420 per person, per day. So, you can see that we are making those cost savings already across the board.

[456] **Ann Jones:** Your additional 5.8% has got a value added, apart from people's lives as well.

[457] **Ms Austin:** Yes, it is absolutely a massive value added, and if that goes, then you are going to have an increase in the number of people needing to access those services.

[458] **Ms Miller:** If I might add something, the Welsh Government budget has already said that for every £1 invested in Supporting People, it saves £3 to the health budget. It is the north Wales regional collaborative committee, which brings this together, that is very concerned that health budgets could be more severely impacted upon if the preventative agenda, which is the thrust of the SP grants work, is further reduced. So, it states that SP grants prevent people from accessing health services to that extent.

[459] **Ann Jones:** I think I was just after—. There obviously, then, is some research, because people just come forward at a time—and politicians are perhaps some of the worst as well—when we go—*[Interruption.]*

[460] **Jocelyn Davies:** Sam, can you explain to us what tier 2 and tier 3 services are?

[461] **Ms Austin:** GP services would be tier 1, and it would be going into services above that. So, they are hospital or in-patient services—that sort of service. Most of the young people we work with do not even need to access that. They might access tier 1 services—GP services—but what we are doing, through the support that we are able to provide and additional support around workshops and the added-value stuff that I was talking about, for which we get funding from trust funds, is around mental health services to help people to better manage their mental health rather than it escalating. So, they are then able to improve their mental health. Some of our statistics for last year show that, with regard to the number of people we worked with last year, and in terms of Supporting People-funded services, we worked with around 1,500 people last year, and 80% of those who had a mental health issue recorded an improvement and better management of that mental health issue. So, we have the outcomes to prove that Supporting People services demonstrate an improvement in the lives

of people in the community.

[462] **Ann Jones:** What about young carers, Simon?

[463] **Mr Hatch:** Kieron will chip in as well. Broadly in terms of carers, we are not in the same boat in terms of the Supporting People grant, so I will put the context. I think that there are two points. One is about our funding in terms of Carers Trust Wales and funding for carers-focused services from Welsh Government within the current proposed budget. We do not know about that, because we think it might come from the communities budget, which goes into section 64, but we still have not been told what is happening about our budget from March of next year. Purely in terms of carers-focused services, Carers Trust Wales and a couple of other organisations, that is troubling, because we will have to think about redundancies, and we would have expected to have heard at least by the summer about the direction of travel for funding for our core services. That still has not happened, and we are waiting to find out about that.

[464] Regarding the pot generally, if you look at supporting carers via section 64 and more widely, this is why I think Kieron's point is justifiable about managed decline from the Welsh Government and more widely in terms of carers services. Only £0.5 million goes into carers services from Welsh Government centrally, and then you are talking about funding for the local carers strategies, which go across local health boards, and which amounts to £1.3 million. So, in total, the support for carers-focused services in Wales is currently around £1.8 million, and, as part of the Social Services and Well-being Act (Wales) 2014, there was a decision to repeal the strategies in the Carers Strategies (Wales) Measure 2010, so that will be going by 2016. So, there is real concern across local and national carers services and carers-focused services that quality services upstream pre-health and pre-social care will simply vanish over a period of months and years.

[465] As to the technical elements of how they are funded, which Kieron hinted at earlier in terms of the disparity between local authority commissioning and grants and health, this is very real. We have already seen, very sadly this year, partly through that pressure, one of our local network partners, Crossroads Care Cardiff and the Vale, go out of business. It is not being alarmist to say that that type of very well-established, very responsive and proactive carers-focused services that are doing important work to keep people out of hospital are under threat right across the country at the moment. It is a very different context in that sense in terms of purely where the funding is coming from and what is happening on the ground.

[466] However, in terms of this budget, the most obvious point to make is the disparity between health and social care and social services funding, because you are seeing all that upstream funding going into managing people, whether it is working directly and funding us or whether it is working directly with people on the ground upstream. All the evidence is there in terms of carers-focused services and prevention—it has been provided to you and colleagues many times, and we will continue to do that. That would be our most obvious statement about the disparity in the current funding, but that is slightly different from the total pot, which, in itself, for carers-focused services and organisations like ours, I would argue, is very small.

[467] **Jocelyn Davies:** Do you have a brief comment, because I want to get through some more questions?

[468] **Mr Rees:** I want to punctuate something that Simon said, which is that there are 370,000 carers in Wales, which is 12% of the population making a contribution of £7 billion to health in Wales in unpaid care, yet there is no targeted, ring-fenced money in the Welsh Government budget for carers.

[469] **Jocelyn Davies:** Thank you. Ffred, shall we go to your questions?

[470] **Alun Ffred Jones:** Rydych chi wedi rhoi enghraifft o'r effaith y mae rhaglen Cefnogi Pobl yn ei chael. A gaf i ofyn i chi ynglŷn ag elfen digartrefedd, sydd wedi ei diogelu, medd y Gweinidog, yn y gyllideb hon? Beth yw eich barn chi am y flaenoriaeth hon sy'n cael ei rhoi i elfen digartrefedd?

Alun Ffred Jones: You have given us an example of the impact that the Supporting People programme has. May I ask you about the homelessness element, which has been protected according to the Minister, within this budget? What is your view on the prioritisation that has been given to the homelessness element?

[471] **Ms Miller:** We welcome the additional money going into the homelessness budget for next year to allow for the work with local authorities and providers to gear up for the new legislation that is coming in in April. However, we think that it is counter-productive to cut Supporting People at the same time, because Supporting People keeps people in their own homes. It keeps people out of statutory services—it gets them out of mental health care, when needed, and gets them home as quickly as possible. So, it is counter-productive on that basis. It feels like—. Sam, do you want to come in with a specific example, and then I will come back?

[472] **Ms Austin:** On the point of prevention services, I think that the fact that Supporting People is providing prevention services is really important. At Llamau, we provide homelessness prevention services that are very successful; for example, our family mediation service, which is funded via section 180 Welsh Government funding, is one of the most successful in the whole of the UK. It gets young people back home, and helps them to remain at home, where it is safe and appropriate. However, the reality is that, for a lot of young people, it is not safe and appropriate. So, what we are doing is helping those young people who cannot stay home to find the skills to live independently and safely and to maintain a tenancy. So, we are stopping that repeat homelessness.

[473] **Jocelyn Davies:** Do you have any idea of how many of these youngsters are leaving care, for example?

[474] **Ms Austin:** Is that in terms of family mediation or the Supporting People services in general?

[475] **Jocelyn Davies:** In terms of the services that you provide in general.

[476] **Ms Austin:** I would say that, for the young people that we have in Supporting People-funded services, it is probably about 70% of those young people. They are young people who have had a very traumatic experience, and a very disruptive experience, through the care system. So, when they come to us, it is not unusual for a young person to have had 60 or 70 different placements in their period in care. So, when they come to us, what we have to do is, first and foremost, keep them safe, help stabilise where they are and help them to move on with their lives. Supporting People provides preventative services, but there is also an element of Supporting People that saves people's lives. I can give you an example, if you want one—I know that you are probably running out of time.

[477] **Jocelyn Davies:** Yes, we are; we do not have much time.

[478] **Alun Ffred Jones:** A gaf i ofyn un cwestiwn? Fe wnaethoch chi gyfeirio at ailddyrranu adnoddau o fewn rhaglen Cefnogi Pobl. Beth fydd lefel y toriadau hynny, ar eu gwaethaf, mewn canran?

Alun Ffred Jones: May I ask one question? You referred to the redistribution of resources in the Supporting People programme. What will the level of those cuts be, at their worst, in percentage terms?

[479] **Ms Miller:** They will vary from region to region, so they could be between 5% and 15%, depending on the region, moving towards that redistributive target.

[480] **Alun Ffred Jones:** So, some regions—I presume that north Wales will be one of these—will see a 15% reduction.

[481] **Ms Miller:** That is right. We have a submission from a service that says that it will not be able to provide services for 60 people with learning disabilities in one particular location, and that it will not be able to survive for more than two years.

[482] **Jocelyn Davies:** Is this the feedback that you are already getting from providers?

[483] **Ms Miller:** Yes, it is.

[484] **Jocelyn Davies:** So, where will those 60 people with learning disabilities go?

[485] **Ms Miller:** All 60 would need alternative provision.

[486] **Jocelyn Davies:** That provision will probably be residential, will it not?

[487] **Ms Miller:** That is correct. In any case, a third sector organisation would not be able to exist on its reserves, because of the rules and regulations, in terms of the Charity Commission, that you have to have three to six months' worth of operating costs. People are in a very hard place, organisationally, and the impact, like Sam and everyone else has been saying this morning, is on vulnerable people, who do not have a strong enough voice, apart from through us, to have their views and opinions heard. I think that that is the most important thing that we need to be remembering here—these are people on the margins, who are very vulnerable and at risk in all sorts of different ways. Supporting People supports 19 different client groups; it is hugely complex to try to describe the kind of day-to-day painstaking tailored support that our providers provide in conjunction with local authorities.

[488] **Jocelyn Davies:** Would you be able to send us a note on those specific examples that you gave?

[489] **Ms Miller:** Yes, we would be happy to.

[490] **Jocelyn Davies:** Julie, shall we come to your questions?

[491] **Julie Morgan:** Yes; they are about preventative spend. I am aware of the work that the organisations do here, and I am aware of the closure of Crossroads Care in Cardiff because I had people coming to me about it; they were expecting to go to support-group meetings and they were just not available, so I understand what the result is. When you look at the Welsh Government's budget allocations, do you see the allocations going towards preventative spend? Do you see any shift in focusing on preventative spend at all?

12:15

[492] **Mr Hatch:** The honest answer is that it would be difficult to see that, particularly from a carers-focused perspective, given the structure that the Chair highlighted earlier. I think there is some surprise about the level of requirement for assessment, but the lack of ability and requirement to provide services for carers. In particular, for unpaid family carers, particularly older carers, those services, in the community, are coming from the local authority structure. In many cases, there are examples of good practice among local health boards, but there really needs to be a much more structural alignment of how the health

service and local authorities work to ensure that preventative spend is impactful. Currently, I do not see sufficient evidence of that. I think, with some real work and engagement, what the ICF was trying to do would have been an important vehicle for that, with a greater level of third sector involvement, strategically. What happened was, we were told—as a result of the budget last year, it happened—but then there were discussions with health and social care, and then the third sector was asked to come into that and bid, which is why I described it as a dash for cash. There was not a strategic involvement of the third sector in the development. We are, as Auriel has described, the glue—and, in many cases, more than the glue—and the service providers day to day, who are keeping people out of hospital, and keeping people mobile, and all of the other examples that you know about. If those services are dependent on local authorities, which are struggling on a daily basis—which they are not, largely, on health—and there is not sufficient alignment there, often because the frameworks, within health, are not there—. Carers, fantastically, have been mainstreamed into a lot of the legislation around the health service over the last 10 years, but the frameworks for the delivery of support for carers are not happening. So, you can look at the legislation that you have passed, and that is going through at the moment, and it will look terrific, but, in terms of establishing a structure, in terms of actually supporting carers on a day-to-day basis, that goes, by and large, through local authorities. When the money is not there, carers services and preventative carers services are being seen as a luxury, or it is a question of a chase to the bottom, because the issue is all about the actual care in the home, which is not the same as carers services. So, you start getting into the whole domiciliary care race, and expect there to be a race to the bottom, and you start talking about the unit cost, which is really what is driving an awful lot of carers services in communities, and that is a very dangerous situation at the moment, because, as Kieron said, there is no structure, there is no framework, for supporting carer services in any way.

[493] **Mr Rees:** In terms of prevention, from a slightly different angle in terms of long-term outcomes, when you look at something like the pupil deprivation grant, we know that one in 12 children in school is a young carer; that is around two young carers per class. We know that they, on average, have lower grades—the most common grade at GCSEs is grade B, and for a young carer, it is D—so we wonder why the pupil deprivation grant does not extend to improving the long-term outcomes of young carers as well.

[494] **Jocelyn Davies:** Chris, did you want to come in on this?

[495] **Christine Chapman:** No.

[496] **Jocelyn Davies:** Okay. Shall we go on to Peter? Your question has been covered, has it? Okay, then. I know that we are overrunning slightly. Mike, shall we come to your questions? The witnesses will have a chance at the end to mop up one or two points.

[497] **Mike Hedges:** You said earlier that local government was a much bigger funder of the third sector than health, and you gave some figures like 2.4% and 0.6%, or somewhere in that sort of area. What impact do you think the continued shift in funding from local government to health will have on funding for the third sector? Are you as concerned as I am that, when local authorities are under severe financial pressure, the third sector will be seen as one of the easier places to make cuts?

[498] **Ms Miller:** I think that one of the reasons why local authority funding to the third sector has increased is because Supporting People grant funding now goes through the local authorities, so that is part of that. The auditor general's comment on Monday was that, by consuming more and more resources for treatment, the NHS will potentially be failing to do some of the preventative work, and that is going to need greater expenditure by local authorities. We know that projects funded by Supporting People punch above their weight across the board, because of their connectedness with a number of Welsh Government

priorities. We have talked a lot this morning about the building blocks of Supporting People, keeping people out of increased A&E admissions and getting people home. When people are discharged from hospital, they cannot necessarily stay safely in their own homes. So, there are a number of projects—there are two in Newport, for example—where mental health support workers keep people’s tenancies going in the private rented sector when they self-refer or are referred. It is that pre-emptive work that is really important, both at the beginning, in keeping people out of services, and at the end, when they need to come home, to free up beds and spaces for other people who need that support. So, it is both ends of the scale.

[499] We are also concerned because, in our experience, local authorities are more experienced at commissioning for outcomes than health partners are. If increased money is going through health, rather than through local authorities, for Supporting People, we would be very concerned about that.

[500] **Mike Hedges:** Is not the danger that health measures operations and interventions, effectively, whereas local authorities look more for outcomes?

[501] **Ms Miller:** I am no health expert, but there is a lot of work going on within Supporting People to both improve and increase the number of outcomes we have, and to be able to make even more strategic decisions based on the outcome collection. We had the first lot of outcome collection for the Supporting People programme only this year, only a few months ago. So, those conversations are happening at the moment and we are working collaboratively with Supporting People leads and with the homelessness network to improve that right now.

[502] **Jocelyn Davies:** Nick, do you want to ask the last question? Then I know the witnesses had one or two things you wanted to add before we finish.

[503] **Nick Ramsay:** Thanks, Chair. My last question is very simple. In terms of affordability and Welsh Government legislation, are you getting enough money from the Welsh Government? Is each of your organisations getting sufficient money to cover that Welsh legislation? I do not mean—because the answer will obviously be ‘no’—are you getting all the money you want to fulfil all your wildest dreams, but, in terms of the actual implementation of Welsh legislation that you have to do, are you getting sufficient money?

[504] **Ms Miller:** We certainly welcomed the consultation we had on both the Housing (Wales) Act 2014 and the Social Services and Well-being (Wales) Act 2014, but our opinion is that it is short-sighted to be cutting the only revenue grant that supports the implementation of that new legislation. So, yes, while the input to homelessness this year is great, it is a one-off. This is actually a potentially cumulative regressive impact on Supporting People over the years to come, at a time when the external context is pushing more and more people to the edge. We know that a large proportion of Welsh families have already said that they would be at risk of losing their home if they were to lose their jobs. With rising fuel costs, rising poverty, rising food costs and rising housing costs, where is the margin for manoeuvre? We are concerned that more and more people will potentially be at risk of needing these sorts of services and we will be unable to provide them. Yes, there will be a duty to assess for support within the new legislation, and we welcome that, but we will not be in a position to provide that support.

[505] **Nick Ramsay:** Just to pick up on that, are you saying that, at the moment, you think there is sufficient funding to implement the homelessness provisions, but it is cumulative and will get steadily worse, or are you saying that you do not have the resource?

[506] **Ms Miller:** The money going into homelessness is a one-off preparedness piece of money. What we are seeing in the Supporting People grant is an additional cut to the grant

this year. We would be concerned that that gets further and further cut down year on year.

[507] **Mr Hatch:** I would answer that with a straightforward ‘no’. Given the pounds, shillings and pence I have described in terms of carers-focused services already, it is nowhere near where it needs to be. If you look at the demographic change we are all experiencing, if you look at a minimum of 370,000 carers, and we have the highest percentage of older carers caring for more than 50 hours a week anywhere in the UK and in most of western Europe—. These people are being burdened with huge costs. They are saving statutory services in Wales huge amounts all the time. In no sense is the funding that goes directly to Carers Trust Wales or other carers’ organisations—. It is a drop in the ocean compared with where it needs to be. We know that we are likely, under the section 64 line, to have, we are told, the minimum cut. As I said, we have not been given any formal information, which is the most worrying thing. At least if you had that information you could plan, but we do not have it. To cut anything at this stage—. To co-ordinate work with our local service providers and then provide a level of national work, which we do in terms of a whole range of services and support for carers, in no way is it meeting what we need.

[508] **Mr Rees:** To talk specifically about pieces of legislation, the Social Services and Well-being (Wales) Act 2014 looks to move to a rights-based model, so you have a right to support to meet your outcomes. That right is brilliant, but the services are not going to be there to meet that right.

[509] **Ms Austin:** I was just going to add something about prevention services. It talks about protecting investment in domestic abuse services. Of course, we have got the new Bill that is going through at the moment, but Supporting People services funds a huge amount of domestic abuse services, not just in terms of refuges but in the community, so keeping people in their own homes. So, you have the double prevention agenda of keeping people from becoming homeless and protecting them and supporting them around domestic abuse and domestic violence. So, you have this double whammy happening here in domestic abuse services. You have got this prevention agenda, which we have all been working to for years and years, and it is great to see new Bills coming through, but it is going to be really difficult to make that difference.

[510] **Nick Ramsay:** Chair, that raises big questions about the legislation that this place passes and, if the money is not there at the other end to deliver it, I think that we should look very closely at that.

[511] **Jocelyn Davies:** That is something that we need to look very closely at. Was there anything that you wanted to finally say—I know there was something that you were trying to say earlier—before I close the meeting, because we need to go into private session to discuss the evidence?

[512] **Ms Miller:** Of course. Drawing your attention to section 2.28 of the Welsh Government budget, if the Government’s priority is to focus on preventative spend as being key to delivering improved outcomes for the people of Wales, why is it cutting Supporting People across the board? We touch every single one of those priorities, whether it is tackling poverty, keeping people safe and in their own homes, improving the health of the people of Wales or increasing the educational level of the young people who Sam talked about before. We think it is counter-productive, both in terms of the disproportionate effect on vulnerable people, and also because we will not be able to achieve the outcomes that the Welsh Government sets out and which we support.

[513] **Jocelyn Davies:** Thank you very much. Before we go into private session, I should have put on the record that my daughter is undertaking work experience at a young carers project in Torfaen. I should have put that on the record.

[514] Thank you very much for coming today. Obviously, we will send you a transcript. If you would check that for accuracy before we publish it we would be very grateful.

12:27

**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**

[515] **Jocelyn Davies:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

[516] Are you all happy with that? Yes. Thank you.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 12:27.
The public part of the meeting ended at 12:27.*