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Y Gweinidog Llywodraeth Leol a Chymunedau  
Minister for Local Government and Communities



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Chair of Communities, Equality and  
Local Government  
Committee

31

October 2011

### Scrutiny of the Local Government and Communities 2012-13 Draft Budget

Thank you for inviting me to the Scrutiny Committee on the 18<sup>th</sup> October 2011 to discuss the Local Government and Communities draft budget for 2012-13 to 2014-15.

At that meeting I agreed to provide the Committee with further details on the following four issues:

#### Local Government Equal Pay Settlement

As I highlighted during the meeting, the Welsh Government included £50 million funding into the Revenue Support Grant over the period 2005-6 to 2007-08 to assist in implementation of single status. This was built into local authority baselines for them to use as they saw fit. Progress is being made across the board and there appears to be no local authority who has not committed to the process. Each individual authority is coming at this from different starting positions and has different difficulties and approaches to arriving at a settlement. Nine authorities have reached a settlement so far, of which seven applied for capitalisation directions. Details are provided below:

Local Authority	Estimated total value of Back Pay	Actual Amount of direction issued
<b>2006-07</b>		
Torfaen	£6.0m	£5.9m
Neath Port Talbot	£8.8m	£8.2m
		<b>£14.1m</b>
<b>2007-08</b>		
Blaenau Gwent	£2.2m	£2.2m
Merthyr Tydfil	£3.8m	£1.0m

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*Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)*

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Swansea	£13.2m	£7.2m
Cardiff	£11.5m	£9.1m
		<b>£19.5m</b>
<b>2008-09</b>		
Blaenau Gwent	£4.0m	£0.4m
Swansea	£13.2m	£2.3m
Neath Port Talbot	£10.2m	£2.5m
Rhondda-Cynon-Taf	£14.1m	£13.4m
		<b>£18.6m</b>
<b>Total</b>		<b>£52.2m</b>

Two authorities (Gwynedd and Caerphilly) settled without the need for a capitalisation direction. Rhondda Cynon Taff and Cardiff have recently submitted second generation applications for capitalisation directions (£3.9m and £8.8m respectively) - these are presently under consideration. The position for the remainder will depend on their individual circumstances and legal advice. This will be kept under continual review as the legal landscape shifts, as it does intermittently. The consideration of equal pay compensation is now generally more likely to be made as part of overall Single Status implementation, rather than as a separate exercise in advance of Single Status completion.

It must also be recognised that the granting of capitalisation directions only facilitates the accounting treatment of one off revenue costs to capital. Such capitalised costs need to be repaid by local authorities over the period of the Direction, and there is also an annual revenue cost in terms of servicing the debt. Capitalisation is therefore not a panacea as it costs more in the long term. Concerns with regard to 'mortgaging the council' and placing 'the costs of current staff on local council taxpayers for many years in the future' are examples of reasons cited by councils for avoiding capitalisation of equal pay compensation payments if at all possible. Councils understandably have a clear preference for using their limited capital resources on investment in their assets.

#### Management of Grants to the Third Sector

We also briefly discussed the funding of the Third Sector. The Welsh Government has been reviewing the way we manage grants. Grants are and will continue to be an important part of how we fund the Third Sector to deliver services and achieve better outcomes for people in Wales. Ministers have agreed a system whereby organisations which are funded from different areas within the Welsh Government are identified, and intelligence shared. This will enable sponsor divisions to be more mindful of the potential effect of any changes in funding arrangements or policy recommendations on work sponsored elsewhere within the Welsh Government, where funding is provided to the Third Sector.

There will also be occasions where procurement may be the right choice for obtaining service delivery. This is fair to the different organisations that could provide a service that the Welsh Government requires. It also obliges people to look afresh at what they are offering and how they will demonstrate the benefits. Welsh Government officials consider carefully what funding route is appropriate in each new case, bringing together relevant policy, legal, financial and procurement expertise to bear in framing advice to Ministers.

Value Wales has worked over the past five years to improve procurement across the public sector in Wales. This has involved building collaboration and making procurement opportunities more accessible to smaller and more local suppliers.

The WCVA has been asked to assist and advise the smaller Welsh third sector organisations with procurement opportunities emanating from the public sector and will launch a loan scheme "invest to serve" shortly. WCVA has also been working with officials to understand opportunities that might

present themselves as a result of the Simpson review and to start work to identify which organisations are best placed to deliver which services.

#### Community Support Officers (CSOs)

The Government's "five for a fairer future" pledges include a commitment to fund an additional 500 CSOs. This will represent a significant expansion in numbers which will make a real difference to our communities. CSOs are not a replacement for warranted police officers, they are there to complement and support existing police resources. These new officers will build upon the links between police and communities, providing visibility and reassurance and engaging with local people. They will be able to tackle the anti-social behaviour that still blights some of our communities. And they will develop the relationships that already exist between policing and other flagship Welsh Government priorities, such as Communities First.

The budget for training and deploying the CSOs is included within the 'Funding Support for Local Government Action' and is as follows:

	£000			
	2011-12	2012-13	2013-14	2014-15
Community Support Officers	2,787	11,787	16,787	16,787

I have been working hard with the Association of Chief Police Officers Cymru. Some limited internal recruitment has already been agreed for Gwent and Dyfed Powys in advance of formal recruitment, with a view to some CSOs being in training early November 2011. We are projecting full deployment in three out of four forces plus British Transport Police by September 2012.

#### Substance Misuse Capital Funding

The Committee were also interested to know about the reduction to substance misuse capital funding. Along with other Welsh Government capital funding streams, substance misuse has had to make its contribution to reducing the overall budget deficit. However, the draft substance misuse capital budget in 2012-13 is £5.690m and whilst this is a reduction of £427k it is still over £1.5m more than the 2009-10 allocation, while substance misuse revenue budgets have been maintained in cash terms. The Welsh Government believes that this will enable Community Safety Partnerships and Area Planning Boards to continue to improve the quality, access and capacity of substance misuse facilities in Wales whilst securing best value for money, through increased collaboration and the evaluation and application of best practice.

Yours sincerely



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