



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

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

**Dydd Iau, 24 Hydref 2013
Thursday, 24 October 2013**

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

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

Eraill yn bresennol
Others in attendance

Jeff Andrews	Cynghorydd Polisi Arbenigol Specialist Policy Adviser
Huw Brodie	Cyfarwyddwr, Diwylliant a Chwaraeon, Llywodraeth Cymru Director, Culture and Sport, Welsh Government
Jeff Cuthbert	Aelod Cynulliad (Llafur), y Gweinidog Cymunedau a Threcu Tlodi Assembly Member (Labour), Minister for Communities and Tackling Poverty
Huw Davies	Pennaeth Cyllid, Diwylliant a Chwaraeon, Llywodraeth Cymru Head of Finance, Culture and Sport, Welsh Government
Margaret Davies	Pennaeth Polisi Cyllidebu, Llywodraeth Cymru Head of Budget Policy, Welsh Government
John Griffiths	Aelod Cynulliad (Llafur), y Gweinidog Diwylliant a Chwaraeon Assembly Member (Labour), Minister for Culture and Sport
Jane Hutt	Aelod Cynulliad (Llafur), y Gweinidog Cyllid Assembly Member (Labour), Finance Minister
Amelia John	Dirprwy Gyfarwyddwr, Dyfodol Tecach, Llywodraeth Cymru Deputy Director, Fairer Futures, Welsh Government

Owain Lloyd Pennaeth Gweithrediadau, Llywodraeth Leol a Chymunedau,
Llywodraeth Cymru
Head of Operations, Local Government and Communities,
Welsh Government

Eleanor Marks Dirprwy Gyfarwyddwr, Adran Cymunedau, Llywodraeth
Cymru
Deputy Director, Communities Division, Welsh Government

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

Jonathan Baxter Y Gwasanaeth Ymchwil
Research Service

Sarah Beasley Clerc
Clerc

Leanne Hatcher Dirprwy Glerc
Deputy Clerk

Rhys Iorwerth Y Gwasanaeth Ymchwil
Research Service

Dechreuodd y cyfarfod am 09:41.
The meeting began at 09:41.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Christine Chapman:** Good morning, and welcome to the Communities, Equality and Local Government Committee. I remind Members to make sure, if they have any mobile phones, that they are switched off. We have not received any apologies.

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2014-15—Sesiwn
Dystiolaeth gyda'r Gweinidog Cymunedau a Threchgu Tlodi
Scrutiny of Welsh Government 2014-15 Draft Budget—Evidence Session from
the Minister for Communities and Tackling Poverty

[2] **Christine Chapman:** For this item, we have the Minister for Communities and Tackling Poverty with us. Welcome, Minister. You have your officials with you: Eleanor Marks, deputy director of the communities division; Amelia John, the deputy director, Fairer Futures; and Owain Lloyd, director of operations. Welcome to you all, and to you, too, Minister.

[3] You have provided a paper in advance. If you are happy to do so, we will go straight into questions.

[4] **The Minister for Communities and Tackling Poverty (Jeff Cuthbert):** Yes, we are quite happy with that. Obviously, I am aware that our time is curtailed, and, if there are questions that we are not able to reach, we will happily deal with them in writing.

[5] **Christine Chapman:** Okay, thank you very much. I just want to start off with some broad questions about overall priorities. Could you tell me, Minister, whether the programme for government commitments are deliverable within the available departmental budget, and could you give me any details of any areas where affordability is a concern for you?

[6] **Jeff Cuthbert:** Thank you very much. I think that the programme for government is

quite deliverable, certainly within my portfolio. Clearly, we know that by 2015-16, there will be a reduction of roughly £1.7 billion in our overall budget, and that is a matter of concern. Nevertheless, we have done our planning and, in my portfolio, the bulk of spending is on Communities First, Flying Start and Families First. We are protecting those to the best of our abilities, but we think that we will be able to cope within a reduced funding regime.

[7] **Christine Chapman:** As far as those specific things go, Minister, could you tell me something about how this will be monitored and evaluated?

[8] **Jeff Cuthbert:** All schemes, particularly those mentioned, are subject to evaluation. For example, for the new Communities First cluster operation, an evaluation is going out for tender now, and the evaluation will run next year. However, it is standard procedure for us that we require reports, sometimes on a quarterly basis, that are then assessed and evaluated, and that will continue.

[9] **Christine Chapman:** The Welsh Government has an integrated approach to equality, sustainable development, poverty, children's rights and the Welsh language. Could you tell me how the impact assessment is working so that you can prioritise funding where it is most needed?

[10] **Jeff Cuthbert:** That applies to all Ministers. They have to take account of an equality impact assessment in the spending of their budgets to make sure that the sort of issues that you have just alluded to are properly identified and protected to the best of their abilities. Clearly, it is not for me to say how the Ministers will actually address that work, but that, too, is now an accepted procedure, and it certainly happens. There was an equality impact assessment, and we now have a group set up with key external experts to assist us in that matter.

[11] **Christine Chapman:** Right, okay; thank you. Rhodri Glyn Thomas is next.

09:45

[12] **Rhodri Glyn Thomas:** Mae mynd i'r afael â thlodi wedi ei nodi fel blaenoriaeth i Lywodraeth Cymru—blaenoriaeth o'r un lefel ag iechyd, addysg a'r economi. Sut mae'r gyllideb ddrafft yn adlewyrchu'r ffaith bod mynd i'r afael â thlodi yn flaenoriaeth? **Rhodri Glyn Thomas:** Tackling poverty has been noted as a priority for the Welsh Government—a priority of the same standard as health, education and the economy. How does the draft budget reflect the fact that tackling poverty is a priority?

[13] **Jeff Cuthbert:** Thank you very much for that question. You are quite right, it is a cross-departmental responsibility and a key programme for Government. It is addressed in many ways in different departments, some of which we have a keen involvement in. For example, with regard to Jobs Growth Wales, it has been agreed that it is to be extended into a fourth year. That is a key and very successful programme that helps to tackle poverty by providing employment opportunities for otherwise unemployed young people. The pupil deprivation grant is continuing within the education and skills portfolio. We are looking to protect our universal benefits and, of course, we have recently announced the completion of the appointment of community support officers. I have launched the refreshed tackling poverty action plan. That was one of my first duties when I was appointed at the end of June. So, certainly there remains a key focus on issues of tackling poverty. I have already alluded to the Communities First programme, Families First and Flying Start, which is testament to the commitment of the Welsh Government.

[14] **Rhodri Glyn Thomas:** O ran yr elfennau hynny o'r gyllideb sydd mewn **Rhodri Glyn Thomas:** With regard to those elements of the budget that are in areas that

meysydd sy'n gyfrifoldeb i Weinidogion fall under the responsibility of other
eraill, a yw'r arian hynny wedi ei sicrhau, neu Ministers, has that money been assured, or is
ydyw'n fater iddynt hwy i drefnu eu it a matter for them to arrange their priorities
blaenoriaethau o fewn eu hadrannau? within their departments?

[15] **Jeff Cuthbert:** Well, it is a matter for them, but, as I said, the issue of tackling poverty is a clear cross-Welsh Government commitment. In my discussions with fellow Ministers, I have had nothing but support.

[16] **Jenny Rathbone:** Just to pick up on Flying Start, the evaluation for Flying Start, we learn, has been delayed further to December. What statistics do you have to know that the Flying Start money is reaching those who most need that service?

[17] **Jeff Cuthbert:** You are quite right. It is a relatively new programme and there will be an evaluation. It is something that we are keeping under review all the time. The Deputy Minister for Tackling Poverty has day-to-day responsibilities for ensuring that Flying Start is working as effectively as possible. He is regularly meeting with the poverty and equality champions for each local authority. So, we are having reports in on a fairly regular basis. There will be an evaluation of Flying Start to make sure that it is working as effectively as possible.

[18] **Jenny Rathbone:** Do you have statistics on the number of families reached in each Flying Start area and as a proportion of the total number of families in that area?

[19] **Jeff Cuthbert:** We do, but I will ask one of my officials to clarify that point.

[20] **Ms Marks:** We do receive those statistics and the children and young people division monitors Flying Start and its activity quite closely, and it collects those data. As to whether it those are available on a monthly, quarterly or yearly basis, I would have to come back to the committee on that.

[21] **Jenny Rathbone:** I am not particularly fussed as to whether it is quarterly or yearly; what I would like to know is what you do with the statistics in terms of those that are not reaching the—

[22] **Ms Marks:** It is not actually my area. I know that my colleague is looking at that and at the evaluation. It is probably something that we would be better off coming back to the committee on.

[23] **Jenny Rathbone:** Okay. Obviously, it is a key area of the Government's programme and we need to be sure that the money is being used effectively.

[24] **Christine Chapman:** Could you send us some information on that? As Jenny was saying, we need to see how things are being progressed if there is an issue. Mike Hedges is next.

[25] **Mike Hedges:** I would like to preface my remarks by saying that I am very supportive of Communities First. It is an excellent scheme and I think the movement to clusters has been an excellent idea. I just wanted to make those initial comments. It has been going now for 10 months; what will be done to measure it after 12 months as well as after two and three years, to see exactly how well it is performing? The last scheme had very patchy performance—some Communities First areas worked incredibly well, others much less so.

[26] **Jeff Cuthbert:** That is a fair comment. I am very familiar with the Communities First operations in my own constituency, for example. I think that it is fair to say that. I think that is

equally fair to say that in any human organisation, some will be better than others. I think, in terms of the Communities First clusters—as you know, we have pledged £75 million to spend on this up to 2015—all 52 clusters are now operating. Some are ahead of others, I think that that is fair to say, but we have also issued a tender for the commissioning of an evaluation of the new cluster arrangements for early 2014. We will have more information at that point, and if changes need to be made, they will be made.

[27] **Mike Hedges:** Thank you. Leading on from that, one of the things that I find a problem with Communities First—as you represent Caerphilly, you have probably come across this as well—is the boundaries. They quite often are not natural boundaries. My constituents look out of their council flat windows at the detached houses in Julie James's constituency that are in Communities First, whereas they are not. I think that some of the boundaries need to be set to communities, rather than set by where the lower super output area comes to an end.

[28] **Jeff Cuthbert:** It is a fair comment. This point has been made to me by local councillors, indeed, as you say, in my own constituency. We do have to have some form of geographical boundaries. I am not yet convinced that there is a better way of delivering it than the current arrangements. This may well come out in the evaluation and if there are practical means of developing that further, we will look at them seriously.

[29] **Mike Hedges:** I think that there are practical means. It is not in my constituency, it is in Edwina Hart's, but you go through a council estate and you reach number 90 and it is in, and you go next door and number 92 is not. That does not make a lot of sense to me.

[30] **Jeff Cuthbert:** Those are fair comments. It is not actually a question, but I will—

[31] **Mike Hedges:** Do you agree that it does not make a lot of sense?

[32] **Jeff Cuthbert:** As I have just said, I am not yet convinced that there is a better method of doing it, but it could well come up in the evaluation.

[33] **Mike Hedges:** Okay.

[34] **Christine Chapman:** I have Peter Black, then Janet Finch-Saunders.

[35] **Peter Black:** There is also an issue with the boundaries of Flying Start. There is one particular part of the Gower constituency where the bottom half of a cul-de-sac is not in Flying Start, but the rest of it is. We will come back to that again. My question is on Communities First. Your predecessor gave an undertaking that there would be a suite of performance indicators made available—I will be generous here—in this calendar year—I think that it was actually earlier than that. Can you let us know when that suite of performance indicators will be available?

[36] **Jeff Cuthbert:** All Communities First clusters have to produce new outcome frameworks, which we will be assessing. I will take back that particular point. I was not aware of the commitment that my predecessor had given on that matter, but I will take back that particular point and I will return to the committee in writing.

[37] **Peter Black:** I think that the issue, Minister, is assessing the impact of Communities First on the communities that it applies to, in terms of various performance indicators. It is difficult to make that assessment, unless you have a proper ongoing evaluation that you can measure it against.

[38] **Jeff Cuthbert:** The programme now uses a results-based accountability scheme,

which was recommended by the Wales Audit Office. Certainly, that will be part of the evaluation.

[39] **Ms Marks:** If I might address the way that the results-based accountability is set out, not only do we look at the outputs of communities, but outcomes over a longer period of time. We have asked the Communities First clusters, through their delivery plans, to identify what those outcomes will be. Those documents are still a work in progress, but they will address the issue of how we evaluate what we do, and what impact they have in their communities. That is not just in the communities that they serve, as the new programme has an element of fuzzy boundaries, as we term them, whereby if, in order to impact the population within the cluster area, we need to invest in maybe a school or something just outside, there is an opportunity to work slightly across those boundaries in a way that was not included in the last programme. It was one of the recommendations that came out of the original evaluation, which has been taken on board in developing the new programme.

[40] **Peter Black:** My problem with that evaluation method is that you are asking Communities First areas to define the terms of their own success. It seems to me that it would be much more objective if the Government were to define what outcomes are expected from the programme, as a whole, across Wales.

[41] **Jeff Cuthbert:** We are developing detailed guidance on this matter and I will be happy to let you have sight of it once the work is completed.

[42] **Janet Finch-Saunders:** This is an issue that has been raised with me; how and who is actually scrutinising the Communities First programme across Wales? There is a lot of money going into it, but there is a lack of clarity as to where that is scrutinised and who is scrutinising it currently.

[43] **Jeff Cuthbert:** We have account managers who scrutinise these matters. If you want more details on how it is actually managed, we will be happy to send them to you.

[44] **Janet Finch-Saunders:** Thank you.

[45] **Christine Chapman:** We will move on now to Gwyn Price.

[46] **Gwyn R. Price:** Good morning. Minister, have you made any assessment of whether the level of funding for the discretionary assistance fund will be sustainable in future years if the demand increases?

[47] **Jeff Cuthbert:** We think that it will. It depends how you look at this. It is not spent to profile, yet; it is underspending. The demand is not as great as we anticipated, but we expect it to continue, so we will be maintaining that grant. I suppose that it is a bit like going to the dentist: you want them to be properly resourced, but you hope that they do not have to do anything. [*Laughter.*] I am going to the dentist on Monday.

[48] However, the question is a serious one. I visited the company in Wrexham that delivers it on our behalf and we are aware that we are some £2 million short of the anticipated spend, and there is revenue funding, so you cannot catch up on it—if you have not spent it, you have not spent it—but we do anticipate that over the next year, as the welfare cuts bite harder, the moneys that we have set aside in the DAF will be called on.

[49] **Gwyn R. Price:** Is there any other way that the UK Government welfare reforms have influenced the draft budget?

[50] **Jeff Cuthbert:** Yes. That is one of the methods. The discretionary assistance fund is

one of the ways in which we have responded to it. There are a whole host of issues going on. We are making sure that there is as much clarity as possible to make sure that our passported benefits are still available to the right people. We have continued with our assistance of Remploy, for example, with the employer support grant. My officials are in regular contact with Department for Work and Pensions officials to make sure that we are as up to date as we can be and they tell me that the relationship is excellent, although, obviously, DWP officials are somewhat constrained.

[51] We are keeping a very close eye on the eventual roll-out of universal credit, which will impact greatly on us here in Wales. There was due to be one roll-out in the Shotton area, which we were told was going to be in October, but, as you know, we are close to the end of October and it has not happened, so we are still awaiting information on when that is going to happen. We are assured that it will, but it is quite possible that those decisions have not yet been taken. There will be further pilot areas in Carmarthen and the Cynon valley in due course, but we are awaiting information, so that we can do our planning properly.

[52] **Jenny Rathbone:** I want to press you on the discretionary assistance fund, because, certainly from the casework in my constituency, more and more people are being taken off benefits for up to six weeks at a time and are literally destitute, which will eventually translate into more and more people being made homeless. The bedroom tax is another way in which that may work through. So, this fund is likely to be under extreme stress and I wondered what conversations you are having with Jobcentre Plus in order to take a slightly less punitive approach, particularly to people with disabilities.

10:00

[53] **Jeff Cuthbert:** As I have said, my officials are in regular discussion with UK Government officials on this matter. We are aware of many people who are having problems now in terms of their benefit, so we have adjusted the discretionary assistance fund so that it can provide grants even as small as £30 or £50 that, for many people, make the difference. It is a worrying situation. We will be maintaining that grant, and really good communication between us and officials of the UK Government is crucial here to make sure that it is spent in the most effective way. However, I must make it clear that it is not our job, and neither do we have the resources of completely being able to counteract the effect of the welfare benefits. We cannot do that. We do not have the resources, but we will try to mitigate the worst effects to the best of our ability.

[54] **Leighton Andrews:** May I ask you on what basis you have made priorities in terms of funding for third sector organisations?

[55] **Jeff Cuthbert:** Very soon—in fact, on 12 November—I will be making an oral statement on the outcome of the Refreshing the Relationship consultation, on the future relationship between the Welsh Government and the third sector. We value the third sector greatly. It is within a reduced budget. The third sector is aware of that. We have had discussions on that. We will be doing our very best to make sure that the financial decisions that we reach are as fair and equitable as the budget allows. No decisions have been taken yet. We are still awaiting the final analysis of the responses to the Refreshing the Relationship consultation, but I expect to be able to make an announcement soon.

[56] **Leighton Andrews:** Do you have a figure for the percentage reduction overall in grants to third sector organisations?

[57] **Jeff Cuthbert:** Yes, I do, if you just give me one moment. There will be additional savings required of around £200,000 next year within the infrastructure. There will be a similar amount in 2015-16.

[58] **Leighton Andrews:** Presumably, across the Welsh Government, third sector organisations will receive something of a squeeze, as other organisations are doing. So, there must be, somewhere, an overall percentage figure in the Government for the reduction in spending to third sector bodies.

[59] **Jeff Cuthbert:** Yes, that is a correct statement. I look to my right. Do we have an overall figure across the Welsh Government?

[60] **Ms Marks:** No, we do not have an overall figure at this point, but we have now developed the system to enable us to look at what is being spent with the third sector through each department. We will be making an overall assessment of the impact of the budget on the third sector.

[61] **Leighton Andrews:** Could we have a note on the figures?

[62] **Ms Marks:** Yes, of course.

[63] **Leighton Andrews:** Does the budget for the advice services review sit within your department?

[64] **Jeff Cuthbert:** Yes, it does.

[65] **Leighton Andrews:** How is the review impacting on future budgets?

[66] **Jeff Cuthbert:** We are maintaining that to the best of our ability. There will be some reduction, but we believe that that can be achieved through efficiency savings and administrative costs.

[67] **Leighton Andrews:** What level of reduction will it be?

[68] **Jeff Cuthbert:** While I am looking for that, does anyone have that to hand?

[69] **Christine Chapman:** Eleanor?

[70] **Ms Marks:** I do not have the information to hand. I know that, this year, we—

[71] **Jeff Cuthbert:** Oh—

[72] **Ms Marks:** Do you have that information?

[73] **Jeff Cuthbert:** I am sorry. I can answer. There is no reduction to the advice service budgets for the next financial year. We will continue to provide £2.2 million annually until 2015 to support free specialist welfare and benefit advice.

[74] **Christine Chapman:** Thank you. We will now move on to Lindsay Whittle.

[75] **Lindsay Whittle:** Good morning, Deputy Minister. My question is on equality. I notice that you have allocated—

[76] **Christine Chapman:** He is a Minister now.

[77] **Jeff Cuthbert:** You have demoted me.

[78] **Lindsay Whittle:** So, you are a Minister now. I am sorry; I forget. Yes; you go up

and down ladders all the time, Jeff, do you not?

[79] **Jeff Cuthbert:** Only up so far.

[80] **Lindsay Whittle:** Only up so far, but there is time. [*Laughter.*] With £1.6 million annually for the equality and inclusion grant scheme—and you have told us, in answer to the Chair’s first question, that you will monitor and evaluate all grants, which I think is to the credit of the department—how do you measure the outcomes of all of this money?

[81] **Jeff Cuthbert:** This is reviewed on a regular basis. As I have said, any application for funding under that grant has to be fully evaluated and the business case must be studied, and there will then be regular reports on a quarterly basis, there will be visits by Welsh Government officials, and we will ensure that the money is being well spent, and in the right way.

[82] **Lindsay Whittle:** How will that be reported back to you or, maybe, a committee?

[83] **Ms John:** We are just coming to the end of applications for the new grant scheme for the next three years on equality and inclusion, and an outcomes focus has been built in to the application process, so people have to be absolutely clear what outcomes they are trying to achieve, and the measurement for achieving those. We will look at applications on that basis, and then those that are successful will be carried through the monitoring and evaluation. Then we build in an evaluation of the whole scheme at the end of the three years to see if it has delivered what it should have done.

[84] **Jeff Cuthbert:** I will add that each recipient will be monitored on a quarterly basis. There will be at least one evaluation visit, or monitoring visit, and then, like all other schemes, there will be a formal evaluation.

[85] **Lindsay Whittle:** So, we will not have another AWEMA on our hands.

[86] **Jeff Cuthbert:** I trust not.

[87] **Christine Chapman:** Before I move on, I remind you that you do not need to touch the microphones; they come on automatically.

[88] **Jenny Rathbone:** Just picking up on credit unions, which are obviously an important part of the Government’s attempt to tackle financial inclusion, the Old Bell 3 Ltd report on credit unions indicated that there was considerable variety in the performance of credit unions across Wales, and I just wondered how that is going to influence your budgetary allocation to credit unions.

[89] **Jeff Cuthbert:** Yes, the Old Bell report did indeed reflect a number of points, particularly the tension, which is understandable, between us wanting them to be as financially sustainable as possible and offering as many ethical and affordable loans as possible. Clearly, you have to have good financial capital before you can safely issue a lot of loans, and that is a matter that we are seeking to address. Credit unions are independent bodies, but they have an extremely important role to play in terms of offering ethical loans when compared with pay-day loan companies and—legal and otherwise—loan sharks. We want to make sure that they are as sustainable as possible and are available to as many people who need them as can be the case.

[90] Incidentally, we strongly encourage everyone—certainly Assembly Members—to join their local credit union and to become savers. Some credit unions are growing, and they are looking to offer a wider range of services than you traditionally expect, such as payroll

deductions, even possibly moving into mortgages and things like that, whereas others are far more concerned with just offering the traditional service of save and loan. In terms of funding, we have made £1.25 million available to support what we call the promotion of credit unions. That demands that the two main associations that represent credit unions in Wales, Association of British Credit Unions Ltd and Ace Credit Union Services, get together in order to develop a business case to promote the work of credit unions. We have offered them that sum of money once we have had an acceptable business case put forward. There have been most frustrating delays in receiving that information from them. However, only a matter of days ago we did receive that business case, which is now being analysed by officials, and we look forward to the outcome of that in the hope that they can spend as much of that money as possible in helping to promote credit unions and to make them as sustainable as possible. I will pause there.

[91] **Jenny Rathbone:** Certainly in my own area in Cardiff, the credit union has relocated from being hidden away in county hall to being right next door to and integrated with the advice services that are offered to people who have problems with benefits, housing et cetera. So, it is absolutely in the right place. However, I suppose that I come back to my initial question, which is, how is the evaluation of this mixed picture of the performance of credit unions going to influence which ones are going to get proportionately more funding?

[92] **Jeff Cuthbert:** Credit unions are independent bodies in that sense. We want to help them to be as sustainable as possible. In the draft budget, we have allocated £650,000 to assist in that process. That is less in total than we have offered this year, but it is not actually a reduction, because the figures for this year included the money that I have alluded to: the £1.25 million. I am right in that figure, am I not?

[93] **Ms John:** Yes.

[94] **Jeff Cuthbert:** That £1.25 million will help them to become more sustainable. Now, that money needs to be spent—or at least the great bulk of it—in this financial year, and that is why I have said that it has been very frustrating not to get that business case until now. So, the £650,000 will be there to assist credit unions, but it really is a question of them developing themselves on a Wales-wide basis by working within their associations. That is what we want to take forward.

[95] **Jenny Rathbone:** Despite the increased profile of the credit union in Cardiff, the rise and rise of these pay-day lenders and other very high interest rate lenders continues. Has the Government considered doing any sort of publicity to warn people that, if it sounds too good to be true, it probably is? Unfortunately, there are endless testimonies from people who did not realise what they were getting themselves into and have ended up paying three or four times what they borrowed.

[96] **Jeff Cuthbert:** Yes. We are going to do more publicity on that. I think that that is fair to say. The Archbishop of Canterbury, as you know, gave a very helpful statement not that long ago about the dangers of pay-day loan companies, and that was excellent free publicity for credit unions. We are going to build on that. I have a meeting shortly with Barry Morgan, the Archbishop of Wales, at which we are going to look at doing something very similar in Wales. I also have the support of organisations like the faith council, of which I am the vice-chair, and there is going to be support for promoting credit unions in Wales as a viable and ethical alternative to pay-day loan companies.

[97] I have to say, however, that, although there is a UK Government investigation into pay-day loan companies, they are not illegal organisations, and they have considerable resources. So, it would be unreasonable and unfair to expect Welsh Government and credit unions to be able to counteract that fully. However, there is work to be done, and I think that

there is a greater realisation now of the dangers of pay-day loan companies, especially if a person cannot meet the initial pay-back date.

[98] **Jenny Rathbone:** I appreciate that they are not illegal, but people are nevertheless unaware of the commitments that they are letting themselves in for—they get their accounts cleared. I am glad that you are meeting Barry Morgan, but I hope that quite a crisp and clear message can go out to people that pay-day lenders are not the solution to their temporary debt problems.

[99] **Jeff Cuthbert:** You have made your point very well, and we will discuss what more we can do.

[100] **Christine Chapman:** Let us come now to Peter Black, and then I have a few other Members who want to come in.

[101] **Peter Black:** On that particular point, does it mean that you are going to be giving assistance to credit unions to develop an alternative to pay-day loans?

[102] **Jeff Cuthbert:** Not all credit unions want to do that sort of thing. However, as I have said, we now have the business plan for promoting credit unions. This has been part of the discussion with them on what we think credit unions can do. We are analysing that, and when I am in a position to make a decision on the business case, we will make it known.

[103] **Peter Black:** Of course, they are social enterprises in their own right.

[104] **Jeff Cuthbert:** Indeed.

[105] **Peter Black:** If you want to use them as part of Government policy, you need to provide the funding for that. As I understand it, there is no alternative product available in a credit union to a pay-day loan.

[106] **Jeff Cuthbert:** There is not at this point.

[107] **Ms Marks:** The evaluation indicated that we needed to look at and work with credit unions in a number of areas. One was to ask them to develop their own capability and capacity, and some will come on the journey with us and some will not. Part of the challenge to them with that £1.25 million is to look at what they can offer.

10:15

[108] It is also about making themselves more sustainable in order to enable them to offer more products. For our interests in tackling poverty, it is about helping the most vulnerable, including those who might otherwise go to pay-day lenders. Each of those credit unions has to be sure of its own ability to deliver that product. They are independent organisations and we want to work with them as much as we can to develop those products. There are very good examples of some credit unions across the UK that now operate in that pay-day loan market in order to make a difference. Some in Wales are capable at the moment, but not all. We need to work very closely with both associations to explain what the Government would like to do. Let us see what is in the business case that they present, because that is very much about our asking them about their expertise and what they believe will be good for them for the future, and then seeing where we can develop with them. The decision will then be made by the Minister regarding what we do going forward.

[109] **Peter Black:** So on that point about sustainability, only a handful of credit unions in Wales are sustainable in the medium to long term. Clearly, if your objective is to make credit

unions sustainable over that period, you need to work with them to make them more sustainable. Are you offering resources to credit unions in terms of mergers and amalgamations, et cetera, in order to ensure that they have a sustainable base that they can work from?

[110] **Ms Marks:** That is already in place through the contract that we have with the Social Investment Business Group. Business support is available to credit unions if they want to take that up. They remain independent organisations; they have their own boards of trustees and they need to take their own decisions on the way forward. We are not in a place to be involved with each individual one, but there is help available should they want it.

[111] **Peter Black:** In the past, when credit unions have sought to merge with others, Welsh Government officials have warned them off. That has happened in Pembrokeshire, for example.

[112] **Jeff Cuthbert:** I do not believe that it is fair to say that officials have ‘warned them off’. We have certainly wanted them to consider all of the issues, but my understanding is that, where mergers have not happened, it is a result of their having taken a decision on the basis of their analysis. I do not believe that it is fair to say that we have ‘warned them off’.

[113] However, I can say that, once we have fully analysed and accepted, or otherwise, the business plan that has been submitted about accelerating the development, as it is called, of credit unions, then from April next year, I will be in a position to consider what financial support needs to be there in terms of our financial inclusion budget for the future of credit unions. I will be in a far better position to decide that once we have decided on the outcome of this report.

[114] **Peter Black:** I would like to make one more point, which follows on from that answer. The £1.25 million that you have at the moment is for the current financial year.

[115] **Jeff Cuthbert:** Yes, it is.

[116] **Peter Black:** There is no funding guaranteed after April next year. Is the money in your budget for next year for credit unions money that you will be seeking credit unions to bid for as well?

[117] **Jeff Cuthbert:** As I have said, how that money is spent will be determined by the outcome of accelerating the development, as it is called, of credit unions, but it will be there to support credit unions in whatever way we feel is best.

[118] **Peter Black:** How much money is in the budget for next year?

[119] **Jeff Cuthbert:** There is £650,000.

[120] **Peter Black:** That is half of what is available this year.

[121] **Jeff Cuthbert:** You have to take account of the fact that that included the £1.25 million for the business case on accelerating the development. So, clearly, that will not be in next year’s figures. When you do the mathematics, there is actually an increase.

[122] **Peter Black:** Obviously, you had different mathematics teachers to me.

[123] **Jeff Cuthbert:** The point that I was making is that the £1.25 million is a one-off payment, out of a total of £1.8 million.

[124] **Peter Black:** So, it is an increase on £450,000.

[125] **Jeff Cuthbert:** Yes.

[126] **Christine Chapman:** Two other Members want to come in on this point. Mark is first and then Rhodri Glyn.

[127] **Mark Isherwood:** I believe that some 17 of the 21 Welsh credit unions belong to ABCUL, which is delivering the UK Government's credit union expansion programme, to which many Welsh credit unions have already signed up. However, it seeks to do the same thing as your programme: delivering sustainability and widening product delivery. We have had mergers like the one in north Wales, not because of the Welsh Government, but because the sector believed that it was the right thing to do so that it can expand its product base. So, how are you ensuring that your scheme and your funding complement rather than duplicate the UK scheme, which Welsh credit unions are signed up to, in order to deliver maximum value for money?

[128] Secondly, and finally, you referred to the UK Government's inquiry into pay-day lenders—I believe that it is the Office of Fair Trading that is carrying that out. Some licences have already been withdrawn and other lenders have been given warnings. What, if any, input is the Welsh Government having into that inquiry?

[129] **Jeff Cuthbert:** In terms of that last question, I will ask whether officials are able to answer that, and we will come back to it. I will need to check on that point. However, you are quite right; any plans for future funding for credit unions will take into account the credit union expansion project of the UK Government. We are in discussions with UK officials on this matter. It is absolutely crucial that any credit unions that participate in the expansion project are informed soon. There must not be any duplication of funding; that is absolutely clear. So, it is a matter that we will be keeping a careful eye on, but, yes, they can participate and we have to take account of it.

[130] Are officials able to answer on the other point about evidence on the pay-day loan investigation?

[131] **Ms Marks:** We have had one discussion with the people from the UK Government on that investigation. It was fact-finding on their part. We have a continued open channel between us. We have done no more than that at this point, but they are aware of what we are doing in Wales and working in Wales.

[132] In respect of the DWP's project on credit unions, either five or six of the ABCUL members in Wales have benefitted from that project. ABCUL is part of our discussions on the accelerated development, and we have to be very careful to ensure that we do not duplicate what is already on offer.

[133] **Rhodri Glyn Thomas:** Rwy'n cytuno'n llwyr â'r hyn sydd wedi cael ei ddweud ynglŷn â pheryglon y benthyciadau tymor byr hyn sydd wedi eu seilio ar ddiwrnod cyflog, yn enwedig os yw pobl yn cymryd benthyciad o'r fath allan heb lawn sylweddoli'r oblygiadau arnynt o ran y cyfraddau llog. Fodd bynnag, mae'n faes cymhleth iawn oherwydd bod y bobl hyn mewn angen dybryd am arian, yn amlwg. Pe baent, yn lle ceisio cael benthyciad tymor byr **Rhodri Glyn Thomas:** I agree entirely with what has been said about the dangers of short-term pay-day loans, especially if people take out a loan of that kind without fully realising the implications for them in terms of the interest rates. However, it is a very complex area because these people are in desperate need of money, clearly. If they were to, instead of trying to get a short-term loan of that kind, go overdrawn without having arranged that beforehand with the

o'r fath, yn mynd i orddrafft heb fod hynny wedi ei sefydlu o flaen llaw gyda'r banc, gallai fod hyd yn oed yn ddrutach iddynt. Felly, os yw Llywodraeth Cymru yn mynd i rybuddio pobl ynglŷn â pheryglon benthyciadau diwrnod cyflog, mae'n gyfrifoldeb arni hefyd i sicrhau bod system mewn lle ar gyfer Cymru gyfan o ran benthyciadau a fyddai'n llawer mwy diogel na'r rheiny. Fodd bynnag, ar hyn o bryd, o ran undebau credyd, nid yw hynny'n bosibl. Felly, beth ydych chi'n mynd i'w wneud i sicrhau bod y math hwnnw o wasanaeth ar gael drwy Gymru?

bank, that could be even more expensive for them. Therefore, if the Welsh Government is going to warn people about the dangers of pay-day loans, it also has a responsibility to ensure that there is a system in place for the whole of Wales in terms of loans that would be far safer than those others. However, at present, that is not possible in terms of credit unions. Therefore, what are you going to do to ensure that that type of service is available throughout Wales?

[134] **Jeff Cuthbert:** As I have said, we are going to work much more closely with the credit unions, because we have asked for this business case to come forward so that we can assist in accelerating the development of credit unions. Clearly, the Welsh Government itself cannot offer loans of the type that pay-day loan companies can. They are a product of the economic situation that we are in. We will be doing our very best to explain the dangers to people, although I think that it is fair to say that more and more people are aware of the dangers. However, that work is ongoing. All the other things that I have talked about, such as the discretionary assistance fund, are schemes that are there to support people in their greatest need. Within our resources, we are doing as much as we can.

[135] **Rhodri Glyn Thomas:** Do you accept the point that I am making, though, that if you warn people off pay-day loans and there is nothing else there in terms of loans that are safer in terms of the interest on them, and they go overdrawn, without having established an overdraft beforehand with the bank, they will pay more?

[136] **Jeff Cuthbert:** That is a fair comment, but I am not quite sure what I can do about that within my portfolio responsibilities, other than make sure that people have as much information as possible and that we work with organisations such as credit unions to offer an alternative, wherever possible.

[137] **Rhodri Glyn Thomas:** The point that I am making is that, if you are going to warn them off one form of lending, you have a responsibility to ensure that there is something else in place that offers them a safer means of borrowing.

[138] **Jeff Cuthbert:** Chair, I do not want to repeat myself; it is not a question of us warning people off in the sense of saying, 'You mustn't do this', but we need to make sure that they are aware of the responsibilities that they will have and the money that they could then be expected to pay back if they go down a certain path. However, really, the role of the Welsh Government is limited here.

[139] **Christine Chapman:** I think that Jenny wants to come in, but I have Peter as well. So, we will have Peter first, and then Jenny.

[140] **Peter Black:** On this specific point, credit unions do not like taking on high-risk clients, and a lot of people who go for pay-day loans come under that category. So, what support are you giving credit unions to take on the higher-risk clients?

[141] **Jeff Cuthbert:** You are making a fair point there. You will remember the Farepak issue, and I have been told by a number of credit union companies that many people involved went to them and their hands got burned by that. So, they are very concerned about high-risk

clients. However, as I have said, we are in the process of looking at the way forward for credit unions, and I will be in a better position to make statements once we have had all of that information.

[142] **Jenny Rathbone:** When you have had a chance to analyse the business case that has been submitted to you, could we have a note on what action you are planning to take?

[143] **Jeff Cuthbert:** I think that I have already said that that will be the case.

[144] **Jenny Rathbone:** Okay, thank you.

[145] **Christine Chapman:** We will move on now because we have some other areas to cover. Janet wants to come in next.

[146] **Janet Finch-Saunders:** Were the potential impacts of your draft budget proposals on sustainable development considered as part of the equality impact assessment, in terms of the budget process and prioritisation? Could you give any examples of proposals that were amended or even withdrawn due to their potential impacts on the Welsh Government's sustainable development objectives?

[147] **Jeff Cuthbert:** Sustainable development lies at the heart of our programme for government, as a central organising principle. It is reflected throughout the work of my portfolio. All our policies and programmes reflect a commitment to sustainability and fairness, and we intend to ensure that the long-term development path for Wales will improve economic, social and environmental wellbeing. Examples clearly include Communities First, Families First and the Flying Start programme. We have protected the sustainable development fund, which will enable the commissioner for sustainable development and Cynnal Cymru to continue to play a key role. We are, as you know, developing the future generations Bill, which will place a duty on all public bodies in Wales to have sustainable development at their heart.

[148] **Janet Finch-Saunders:** In fine-tuning your budget, did you amend or withdraw any proposals or schemes, especially when you looked at the equality impact assessment?

[149] **Jeff Cuthbert:** We carried out a full equality impact assessment, as we must, and what is reflected in our budget is the result of those discussions.

[150] **Janet Finch-Saunders:** So, were any proposals withdrawn?

[151] **Jeff Cuthbert:** Not that I am aware of. No.

[152] **Christine Chapman:** Mark, do you want to come in?

[153] **Mark Isherwood:** Yes. With reference to the community facilities and activities programme, I know that many AMs, including myself, have written letters of support for various bids over the years. However, we understand that bidding is now closed. You carried out a consultation on a possible successor programme, and I believe that you have indicated to us that you intend a new scheme to commence in 2014. What evaluation of the former programme, CFAP, was undertaken, and how have you established whether this demonstrated value for money?

[154] **Jeff Cuthbert:** The last full evaluation of CFAP was published in April 2017, and I agree with you that—[*Interruption.*] Did I say 2017? I meant 2007. We had better have another one in 2017, in that case. [*Laughter.*] It was 2007; I beg your pardon. The general response was that it was considered excellent by a large majority of applicants and

beneficiaries. It has provided over £100 million since its launch, which was in 2002—I will get that right—and it has helped and created over 900 community facilities in every part of Wales. There is going to be a new capital scheme to replace CFAP. There are some schemes that are still going on. We will honour the commitments that we made to existing applicants for CFAP funding. As you say, it will be coming to an end in its current form.

10:30

[155] The budget for 2014-15 is just under £11 million. It will support forward commitments such as those under CFAP that are already in the pipeline, the post office diversification fund and the community asset transfer fund. In terms of the future and of what replaces CFAP, I have made it clear that I want there to be a continuation of capital funding for communities. I will have a submission with me very soon and will, therefore, take a decision very soon. What I can say is that I want to see a clear link between such capital moneys that are made available and the tackling poverty programme. That will be a focus of it. However, I will be in a position to make a formal announcement very soon.

[156] **Mark Isherwood:** You say that the budget will be somewhere just under £11 million for the new programme. How will that new programme have monitoring and evaluation built into it and over what timescale?

[157] **Jeff Cuthbert:** It will all be monitored. It will follow current procedure. As I have said, for all organisations that are successful in gaining funding, we will be evaluating the outcomes in terms of value for money and that they actually do what they say they are going to do in their bids. That is the process now. Again, if you would like more details of the process, I would be happy to send them to you.

[158] **Mark Isherwood:** Yes, I would like that—sent to the Chair, if you would.

[159] **Christine Chapman:** Yes, if you would, Minister. Okay, thanks. Do you have any other questions, Mark?

[160] **Mark Isherwood:** Yes. The second section of my questions relates to the capital funding for Gypsy and Traveller sites—£1.5 million. Your predecessor indicated in previous years that take-up had been lower than anticipated. What evaluation has been undertaken of previous expenditure of the Gypsy and Traveller sites capital grant, and what outcomes have been demonstrated?

[161] **Jeff Cuthbert:** We monitor all projects to ensure that the work completed on-site is consistent with the initial funding. Payment is only made, usually via local authorities, when we are satisfied that the work has been done and is up to standard. We will visit sites on a regular basis to ensure that the work being done is in accordance with standards. In the relatively short time that I have been in post, I have visited one site, the Glyn Mill site in Merthyr. I was shown the ‘before’ photographs, but not the ‘after’ photographs, and, when I got there, it bore no relationship whatsoever to the ‘before’ photographs. The work was to a very high standard and had made a considerable improvement to the quality of the lives of the Gypsies and Travellers who were there.

[162] We increased the proportion of funding available from 75% to 100% of project capital costs and this has, indeed, led to an increased level of applications. This is not strictly a matter for me, but my colleague the Minister for Housing and Regeneration, in his housing Bill, will have a section on the issue of Gypsy and Traveller sites. One of the problems is that there are not enough sites of good quality in Wales, which is why we still get illegal encampments from time to time. That is a matter for his Bill, but it is something that is taken very seriously.

[163] **Mark Isherwood:** I chaired the event in the Assembly a few years ago at which this funding was announced, so I am watching it with interest. Some of the concern has been, as you indicated, about the slow take-up by local authorities of funding previously available. Is that still an issue? I note that local authorities must make provision for a site in their LDPs, but they do not have to clearly state where it should be. I believe that the proposals you have referred to in the forthcoming legislation will again require them to have a site, but not necessarily to say where it should be. Gypsy and Traveller communities, as the Niner report showed in 2006, travel over wide areas that cross county borders. So, to deliver effectiveness, you will have to have cross-border collaboration, rather than one site in a particular area that may not suit the population. How are you proposing to address that and how will you separate—you referred to ‘before’ and ‘after’—the funding for refurbishment and new sites, which used to be in two specified separate streams?

[164] **Jeff Cuthbert:** As I said, take-up has grown over the last few years; we funded a total of 41 refurbishment projects on local authority sites across Wales. So, our commitment is clearly there. We have spent over £3.1 million in the last two years on refurbishing those sites and a further £3.25 million has been committed for this financial year, which includes the development of a new site in Brecon—the first since 1987. I am aware of the issue of cross-border sites; those are matters that are being discussed. The Minister for Housing and Regeneration is certainly seeking to take account of that. I think that his Bill is likely to be introduced later on, in November, but that is not a matter that is in my gift. We will continue to discuss issues—there are many cross-border issues and that is one of them. Our commitment as a Welsh Government is to make sure that there are enough sites of good quality in Wales.

[165] **Mark Isherwood:** May I just point out the difference between refurbished and new? Are they now, just for clarity, all lumped together in this single grant, or are you still having separate streams?

[166] **Jeff Cuthbert:** They are together. We do not have enough sites, so we will need to look at expanding existing sites, where possible. It is very much a matter for local authorities, but they will be required to show how they are going to address this.

[167] **Peter Black:** Will this fund be available to transit sites as well?

[168] **Jeff Cuthbert:** Can you clarify the situation on transit sites, Amelia?

[169] **Ms John:** I think that it would be. I would need to check to be absolutely sure, but I think that it would be. It is for new sites, and I cannot see why that would not include transit sites. That will certainly be part of the consideration after the housing Bill duty comes in.

[170] **Christine Chapman:** Can you send us a note on that?

[171] **Jeff Cuthbert:** We will speak to colleagues in other departments as well and come back to you on that point.

[172] **Peter Black:** Okay. I am meant to be asking about legislation, so I will go on to that now. Are you content that you have enough money in your budget to meet any impacts of legislation coming through and any costs that might fall on your department?

[173] **Jeff Cuthbert:** We are not aware of any particular problems, but our Standing Orders require that any Bill to be laid before the Assembly must go through a regulatory impact assessment, which will include a cost analysis. So, while we are not aware of any particular difficulties at this point, it is a matter that will be kept under constant review.

[174] **Peter Black:** Are you, for example, expecting any additional demand on your capital money for Gypsy and Traveller sites as a result of the housing Bill and have you made provision for that?

[175] **Jeff Cuthbert:** There could be, but that is a matter for discussion with the Minister for Housing and Regeneration. We think that it will be affordable.

[176] **Peter Black:** You are not anticipating a demand next year, but possibly the year after.

[177] **Jeff Cuthbert:** Not that I am aware of—well, possibly for the year after, yes.

[178] **Ms John:** We have started work with local authorities to ask them to scope this. The vast majority has responded to give us an idea of what they think that their unmet need might be and the sort of costs involved. However, under the Act, they will have to carry out an assessment of unmet need.

[179] **Peter Black:** I am immersed in one of those in Swansea at the moment, so I am going to move on now.

[180] In terms of the future generations Bill, are you anticipating any costs on your budget for 2014-15 or 2015-16? Have you put any indicative provision in for 2015-16?

[181] **Jeff Cuthbert:** In the longer term, clearly, there will be some cost impacts. We are, as I have mentioned before, preserving the budget for the future generations commissioner, which will be in the order of £1.5 million for the office and to support the advisory team. That is being maintained. As we put the meat on the bones of the Bill, issues of financial demands will become apparent and we will have to take those into account. However, that is the best answer that I can give you in terms of the immediate future.

[182] **Peter Black:** That will be for the next budget round.

[183] **Jeff Cuthbert:** Indeed.

[184] **Christine Chapman:** I think that that is the end of our questions, Minister. I thank you and your officials for attending. We will send you a transcript of the meeting so that you can check it for factual accuracy.

10:39

**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**

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

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

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

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:39.
The public part of the meeting ended at 10:39.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 11:00.
The committee reconvened in public at 11:00.*

**Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2014-15—Sesiwn
Dystiolaeth gyda'r Gweinidog Diwylliant a Chwaraeon
Scrutiny of Welsh Government 2014-2015 Draft Budget—Evidence Session from
the Minister for Culture and Sport**

[187] **Christine Chapman:** I welcome the Minister for Culture and Sport, John Griffiths AM, and his officials, Huw Brodie, director of culture and sport and Huw Davies, head of finance, culture and sport. We are scrutinising the Welsh Government's draft budget. Thank you, Minister, for coming in with your officials. The Members have read your paper. So, we will go straight into questions, if that is okay. I will start by asking you some questions around the overall priorities. I wonder whether you could you give any specific examples of how the 'detailed discussions'—I am quoting your paper here—on the possible impact of reductions for various organisations influenced your budget allocations.

[188] **Y Gweinidog Diwylliant a The Minister for Culture and Sport (John Chwaraeon (John Griffiths):** Diolch yn **Griffiths):** Thank you, Chair. fawr, Gadeirydd.

[189] I think that we had a proper and robust process around those issues. We have had good contact through our officials with the bodies that are funded by my budget so that we could be in a properly informed position as to the likely impacts around our priorities, which are contributing to tackling poverty across the Welsh Government, making sure that we benefit the economy at such a difficult time, and that we tackle physical inactivity, knowing that that is so important to health and much else. So, if you look, for example, at the sports council budget, which is important to physical activity and good health and to our more socioeconomically deprived communities—and we have particular strands to its activity that address those inequalities—we moved some of our budget in response to impacts identified through that process by Sport Council Wales to make sure that it did relatively better than would otherwise have been the case.

[190] **Christine Chapman:** We will be coming on to some of the specifics of these different areas, Minister. Before we move on to questions from other Members, I would like to ask you this: we know that your department has undertaken evaluations to ensure that investments are delivering value for money, but could you give me some idea of what happened with the evaluations? Were there any specific examples where these evaluations influenced your budget allocations?

[191] **John Griffiths:** It is all very much part of the general process, Chair, in having that situation where we had a lot of contact between our officials and the bodies that we fund, as early as May and June, to make sure that we were clear about delivery on our priorities within our department, as I described earlier, and later on, in July, we were able to provide indicative figures and then receive documentation from the bodies as to the impacts of those indicative figures, and we were able then, with our officials, to go through the documentation and to have further contact with the bodies to properly assess whether we would get value for money and delivery on our priorities. So, as part of that general process, we went through that documentation and we had what I think is quite a robust exercise. Then, we decided on the final figures on that basis. If you look, for example, at libraries, it became quite clear that

libraries deliver for us on various fronts. They are very important to digital inclusion and they have a developing role in terms of the welfare agenda of the UK Government and making sure that people can properly access computers to fill in forms and do what is required of them. With that case as an example, we were, obviously, then minded to make sure that our provision for libraries reflected that reality.

[192] **Christine Chapman:** Thank you. I am now going to move on to questions from other Members. Janet Finch-Saunders is first.

[193] **Janet Finch-Saunders:** How do you explain the fact that you expect participation figures in the arts to improve, especially for disadvantaged groups, considering the reduction in funding?

[194] **John Griffiths:** What we have to be clear about is that there is not a simplistic relationship in any aspect of Government funding between the amount given and the outcomes produced. As we all know, at the current time, it is very much about finding better and more effective ways of delivery. Very often, it is about producing more with less, as it were. We task all the bodies that we fund with that job of being more effective in their delivery. Of course, we do not simply task them with that; we work with them and support them. It is very much a joint effort. We will be working with the arts council, for example, to make sure that participation and attendance continue to rise, even though it is a very difficult and strained time for public finances.

[195] **Janet Finch-Saunders:** Okay. What are the specific outcomes that you expect the arts sector and the Arts Council of Wales to achieve over the next financial year with a reduced level of funding?

[196] **John Griffiths:** We set this out in our remit letter in the traditional way. We have been very clear with regard to our priorities of widening participation and attendance and I think the arts council is very clear on that. It had its revenue-funded organisations review, and that in itself was an exercise in making sure that there was proper focus, proper prioritisation and increasingly effective delivery on widening participation and attendance through those revenue-funded organisations, which have become more professional, more effective and better resourced. It will be a continuing effort, but we are quite clear with the Arts Council of Wales that we expect to see participation and attendance continuing to increase, notwithstanding these financial difficulties.

[197] **Janet Finch-Saunders:** Okay. What tangible evidence do you have in place that affects the way in which you fund the arts generally, and how has that influenced your budget allocations?

[198] **John Griffiths:** In terms of the exercise that I described earlier, the arts council presented a case to us in terms of what could be achieved with the indicative figures that we provided. We then made adjustments on the basis of what could be delivered with those final figures. We have a system of monitoring in place for the arts council and that continues with our officials. So, we will make sure that we get the delivery that we expect for the funding provided.

[199] **Mr Brodie:** I will just add, if I may, that the arts council has a six-monthly survey, which monitors the participation levels being delivered by each of its revenue-funded organisations. That shows that, over the last three years, when its funding was in fact squeezed by 4%, it has nevertheless managed to increase participation. Obviously, the scale of the challenge that it will be facing will be a bit more, but, as the Minister said, it has a very effective approach for working with its RFOs and it is keen to rise to that challenge as best as it can.

[200] **Janet Finch-Saunders:** Good.

[201] **Christine Chapman:** Did you want to come in, Mark?

[202] **Mark Isherwood:** On museums?

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

[204] **Mark Isherwood:** Certainly. Yes, indeed. What are the implications of protecting the funding to deliver the library and museums strategies, how much money will be put into this in 2014-15, what do you anticipate the outcomes to be, and how will you monitor those?

[205] **John Griffiths:** We will closely monitor, as we do with museums and libraries, as part of our general monitoring exercise to make sure that we are seeing the delivery that is required for our particular priorities and the overall expectations that we have. We clearly set that out. In terms of the actual figure, do you have that to hand, Huw?

[206] **Mr Davies:** There is a total budget for strategic leadership of the museums, libraries and archives sector of £2.5 million. Some £0.6 million of that goes to the People's Collection, so, it is actually allocated between the national museums of Wales and the National Library of Wales. The balance then is available for local libraries and museums to bid for, on an annual basis, and that is £1.9 million.

[207] **Christine Chapman:** Before we go on, I will just remind our witnesses that you do not need to touch the microphones when you speak. They come on automatically. Sometimes, you have to touch them, but today you do not. We will now return to Mark.

[208] **Mark Isherwood:** What assessment have you made of the possible impact of the reduction in funding for local government on library and museum services, and of how you might mitigate that impact?

[209] **John Griffiths:** Obviously, it is quite difficult in terms of local government. Local authorities have their own democratic mandate and their own processes to go through. At the current time, no doubt, they are doing quite a lot of number crunching and they still have to go through those various processes. However, what I have done is to meet with the WLGA and the relevant elected members and officers, in terms of those responsibilities, to make it clear that the Welsh Government is there to support and assist as much as we can and that, as local government itself accepts, it is very necessary to find new and better ways of delivery. There are examples, and when local authorities get together they do learn a lot from each other. I am very keen on establishing those effective communication channels through the WLGA, through the relevant elected and non-elected personnel in local authorities, to make sure that we can have good intelligence-sharing at an early enough stage, really, to understand what local authorities' thinking is. There may well be outliers, as it is expressed. There might be local authorities that are planning to take particular courses of action that would put them outwith the generality of the situation of funding across Wales. In those circumstances, obviously, we would want to carefully discuss with local authorities the reasons for those proposals and to see whether better ways of moving forward could be arrived at.

[210] **Mark Isherwood:** Okay. Thank you for that. In Bangor, for example, I think that the museum collection was just moved into new premises, which are not local authority-owned; I think that they are church-owned. It shows an interesting way that local partnerships can develop.

[211] Regarding free admission to national museum sites at a time when budgets are being

generally constrained, as we know, what consideration has the Welsh Government given to this in the budgetary environment?

[212] **John Griffiths:** We have prioritised free admissions as established policy, and it will continue to be established policy because we think that it really does deliver for us across our priorities in terms of widening access, in particular. Having that connection between the people of Wales and their culture and heritage, we think, is very important. We think that great gains have been made through free admission, and we very much continue to prioritise it.

[213] **Mark Isherwood:** Finally, what impact has there been on allocations in your wider portfolio because of the additional funding provided for repairs to the national library?

11:15

[214] **John Griffiths:** None, because that resource came from central funding within Welsh Government.

[215] **Lindsay Whittle:** Do you have a view on National Museum Wales's catering contract, which is a 10-year contract, with a company outside of Wales and that only about 25% of its produce is Welsh produce? There is a lot of profit in food and there are a lot of food producers here in Wales who are not getting a look in here. I do not think that that is right.

[216] **John Griffiths:** I think that it is a balance between making sure that those services are procured at best value for money for the public purse and the funding that the National Museum Wales has and trying to make sure that local companies and producers within Wales are supported as much as possible. Obviously, that is a balance that the museum has to strike. However, there are other constraining factors within procurement policy that the museum has to observe and it considers that it has struck the appropriate balance.

[217] **Lindsay Whittle:** A 10-year contract. That is not really competitive. It does not give any opportunity for the next 10 years for any Welsh-based food companies to bid—it is all outside Wales.

[218] **John Griffiths:** I know that the national museum is very conscious of the need to support local producers and companies. That is something that it has stressed time and again when we meet, but there are other constraints and the overriding objective to obtain best value for money. These are matters that the Welsh Government addresses across its procurement policy, as a collective within Government, and we are always looking for improvements and better ways of doing things. So, we are always looking at this and working at it and if there are lessons to be learnt from any particular organisation in terms of a course of action that it has taken and the results, we would be keen to learn those lessons.

[219] **Lindsay Whittle:** I am sure, Minister, that you understand that Welsh food producers are not happy with such a small amount—25%. That is way too small, but there you go.

[220] **Rhodri Glyn Thomas:** Ar y pwynt arbennig hwn, rydych chi'n pwysleisio'r angen i edrych am werth am arian ac rydych chi'n sôn am y pwrs cyhoeddus. Sut mae rhywun yn gallu dadlau bod cynnig cytundeb i gwmni y tu allan i Gymru'n dda i'r pwrs cyhoeddus yng Nghymru ac yn cynnig gwerth am arian? Y cyfan y mae'n rhaid ei **Rhodri Glyn Thomas:** On this particular point, you emphasise the need to look for value for money and you talk about the public purse. How can somebody argue that offering a contract to a company outside Wales is good for the public purse in Wales and offers value for money? All that needs to be done with such a contract is to set a

wneud gyda chytundeb o'r fath yw gosod amod bod yn rhaid cynhyrchu bwyd ffres, ac wedyn bydd yn rhaid iddynt drïo cael y bwyd hwnnw'n lleol. Mae hynny'n digwydd ledled Ewrop; dyna beth mae gwledydd eraill yn ei wneud.

condition that you have to produce fresh food, and they then have to try to get that food locally. That happens across Europe; that is what other countries are doing.

[221] **John Griffiths:** As I said, Cadeirydd, we are always, as a Welsh Government, looking at ways of improving procurement that would more effectively benefit companies, firms and producers here in Wales. Obviously, in terms of the exercise of procuring services and goods, it is a matter of what you get and the price you have to pay. However, that is obviously a crude description of the issues and I entirely accept that we need to look at how that benefits companies and producers within Wales. The more that we can do on that, the better. National Museum Wales is of a similar mind and, as I say, if we can make improvements, certainly we will. It is also very important to recognise the various constraints and rules and regulations that apply to procurement. It is often said that in other parts of Europe, they take a different approach, which, perhaps, is not gold-plating it—a phrase that is often used—as much as we do in the UK. I think that the evidence on that is patchy at best, to be honest.

[222] **Mike Hedges:** My questions are on the historic environment. First, you have the heritage Bill coming through, are you going to be able to fund it and fully implement it from within your own resources?

[223] **John Griffiths:** Yes. That is a basic requirement that all Ministers have to meet, Mike. It has to be demonstrated that the budget is available within the department to take legislation forward and to carry it through.

[224] **Mike Hedges:** That is the answer I expected, but I wanted to get it on the record.

[225] The next question I have is this: can you explain what specific measurable outcomes the funding for the implementation of the new historic environment strategy will achieve?

[226] **John Griffiths:** Yes, I think that it is really important to us in terms of having a better Wales-wide offer on heritage and linking it up more effectively. We know that heritage is very important to our tourism offer, and lots of people come to Wales and spend a considerable amount of money chiefly because of the heritage that we have to offer. If we can link up our different sites more effectively through good interpretation, and offer attractive linked routes for people that encourage them to stay longer, because—rather than going to one site, they are going to several sites—I think that that is a very significant boost for our tourism strategy and our economy. There is a lot that that historic environment strategy can do to make those links and to improve that offer.

[227] **Mike Hedges:** My last question is this: do you have any concerns that your budget reductions are having an effect on very small organisations?

[228] **John Griffiths:** I think that we all know that this is a very worrying time, is it not, because of the strains on public finances that we are all very familiar with? We know that we are not going to be out of that situation any time soon. So, we are very mindful of possible impacts on smaller organisations and I know that the organisations that we fund, such as the Arts Council of Wales and Sport Wales, are also very mindful of those impacts. So, we do discuss these issues with the sponsor bodies and in general, but I am not pretending that there are any easy answers to that. It is a very difficult situation.

[229] **Mike Hedges:** You are working within a declining budget, and it is difficult for

everybody.

[230] **John Griffiths:** It is.

[231] **Peter Black:** Have you made a decision on the future of Cadw and the Royal Commission on the Ancient and Historical Monuments of Wales, and how is that reflected in your budget?

[232] **John Griffiths:** No. No decision has yet been made on that, Peter, but, obviously, whatever decision is made will have to be accommodated within existing budgets.

[233] **Peter Black:** I will move on to media and publishing, then. What assessment have you undertaken as to the impact of reducing the funding of the Welsh Books Council by £300,000 over two years?

[234] **John Griffiths:** As with all funding decisions that we have made, we have gone through the exercises I described earlier with that particular body, the books council. We would have had those initial contacts in May and June through our officials in terms of its delivery, value for money and the priorities that we have. We would then have indicated the allocation that we were suggesting and then received from them the impacts that they considered would result. Then we would have done our own work on that, of course, and the equality impact assessment. So, although it is not what we would want to see in terms of the allocation to the books council, and it will have an impact, we do consider that, in terms of our overall priorities, those impacts on delivery will not be so adverse as to make that allocation unwise and unproductive.

[235] **Peter Black:** So, having made that assessment, what is the Welsh Books Council going to do differently now that it has £300,000 less over two years?

[236] **John Griffiths:** The books council?

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

[238] **John Griffiths:** It will be less able, of course, to support the number of organisations involved in publishing, retailing and the whole books industry in Wales to the extent that would otherwise be the case. We have to accept that there will be a reduced level of activity. However, those are the very tough times that we exist within. We have seen very considerable improvements in the book scene in Wales, I think, in terms of the number of books written, the number of books published and the number of books in our shops in Wales. We are likely to see some slippage on the rate of progress. I am afraid that that is inevitable.

[239] **Peter Black:** Are you expecting, for example, to go more into e-publishing? Are you expecting an impact in particular on Welsh-language books?

[240] **John Griffiths:** I think that it would be very important for us to work with the Welsh Books Council to make sure that our priorities are reflected in decisions made and in the impacts that flow from them. I know that being online is seen as a very important aspect of the new books scene. In fact, I was in Aberystwyth last week discussing these issues with the books council and looking at its operations there. The council is very mindful of the need to support development in terms of the new technologies. I would not pretend that it is not faced with a difficult situation and difficult decisions. It has to balance all of these aspects. We very much intend to continue working with the council. We do not simply allocate funding, make decisions and then wash our hands; I and officials will have continuing contact to work through all of these issues with the council.

[241] **Peter Black:** Okay. In 2012, a Welsh Government statement said that action was under way to address the lack of quantity and plurality in the Welsh media. Can you explain how your budget allocations reflect that action?

[242] **John Griffiths:** We do not have a great deal of budget for broadcasting in Wales, which the committee would recognise, Peter. Other Ministers and other budgets are more relevant in funding terms, such as creative industries in Edwina Hart's budget, for example. So, in terms of our ability to fund and support that diversity, it is very limited. Some aspects of the budget do that, but it is limited. The Arts Council of Wales, for example, would have a role in terms of its funding decisions, but it is marginal compared with other departments.

[243] **Peter Black:** I have an example, I think—there does not appear to be a reference in the draft budget to the community radio fund. Does that mean that it has been discontinued?

[244] **John Griffiths:** Yes, I am afraid that that is a casualty of the funding situation that we are in. Going back some years, I think that there was a five-year funding agreement in place with community radio operators, and that was extended for a further year, which takes it through to the end of this financial year. That funding has always been on the basis that it was time-limited initially for five years, and then with that one-year extension. So, it was made clear all along to the community radio stations that they had to use this funding to make themselves sustainable and to plan ahead. We hope very much that they will be able to continue, but it is going to be very difficult for them. It is not uniform in terms of their funding positions and the impact that this withdrawal will have. I am not going to pretend that it is not very difficult, but the basis that I described was always the understanding in terms of that provision of funding.

[245] **Peter Black:** Have you made an assessment of how sustainable they are and how many you expect to fall by the wayside?

[246] **John Griffiths:** We are not in a position to state that, because the operators are still working through what they need to do to make themselves sustainable, and to try to access funding. Other Government departments provide funding as well, through Communities First, for example. I will ask Huw to come in here, but I do not think that we are in a position to say how many of them will go under, as it were, as a result of this withdrawal of funding.

[247] **Mr Brodie:** It is important to keep the average level of funding in mind here. The fund has been running at a level of £100,000 a year, and that has been spread over nine stations in the most recent year. The amount of money that each operator has been getting on average is slightly more than £10,000. So, we need to understand the figures that we are talking about.

11:30

[248] **Peter Black:** However, £10,000 is a lot of money when you operate from a garden shed.

[249] **Mr Brodie:** It can be, and we are not pretending that all of these stations will necessarily be financially viable without this funding. The scale of the challenge that they have, to make up the difference, should not be exaggerated.

[250] **John Griffiths:** The only other thing that I would add, Chair, is that some of these community radio stations were in existence before the five years of funding and then the one-year extension was in place. So, hopefully, some at least will be sustainable beyond the end of this financial year.

[251] **Gwyn R. Price:** Good morning. Have you made any assessment of the possible impact of the reduction in funding for local government on leisure services? Do you intend to take any steps to mitigate the impact upon them?

[252] **John Griffiths:** This takes us back to what I said earlier. It is a very difficult area, Gwyn. As I said earlier, local authorities have their own responsibilities, their own democratic mandate, and their own priorities. They face all the difficulties that we face as the Welsh Government in terms of the funding situation. We know about the statutory responsibilities that they have and those responsibilities that are non-statutory. As ever, it will be different from one local authority to another. As I said, I have met the WLGA. We met in Bridgend a few weeks ago. Bridgend, for example, has outsourced to Halo Leisure Services Ltd, a not-for-profit company, in terms of its leisure provision, and it is very pleased with the results. It is just over a year since that decision and it believes that it has really delivered. For example, there are advantages in not having to pay non-domestic rates and advantages regarding VAT. It feels that it has brought some new energy and new ideas. So, there are models that local authorities can look at in terms of what works.

[253] Others have kept provision in-house and have had a strong focus on increasing usage and have done so effectively, such as Caerphilly County Borough Council, as we know, because we have been to several very encouraging events recently in terms of new provision—the 3G indoor pitch at New Tredegar and the impressive work to the Risca leisure centre, for example, which I was privileged to open just this week. So, I must say that it is not all doom and gloom, difficult though it is. Much is happening. There are different and new models, and there is co-location. We saw a library co-located with a leisure centre, for example, where there was increased usage of both aspects because they had been brought together. People who had used one but not the other were then using both.

[254] It is a very difficult situation, but I do meet the WLGA and the relevant spokespeople, and will continue to do so. As I said earlier, it is very useful if we get early intelligence, as it were, of planning so that we are then in a position to influence and shape, although obviously resources are extremely limited.

[255] **Gwyn R. Price:** Touching on 3G and 4G pitches—thank you for coming to Risca; it was a pleasure to accompany you there—how exactly have you reflected in your budget 3G and 4G pitches?

[256] **John Griffiths:** It is quite a positive picture in terms of 3G, because various resources are being brought to the table, as it were. Sport Wales is very keen on 3G pitches, and it has funding in place. The Football League of Wales also has funding and an ambitious project of rolling out 3G pitches at all of its premier clubs over a period of time. So, there is clear recognition of what 3G has to offer outdoors. We heard at Risca that there is a 3G pitch there that is perfectly playable—we saw it being used—whereas a grass pitch, because of the heavy rain that we have had recently, might well have been unplayable. So, they really do deliver in terms of allowing the participation that we want to see. Given that prioritisation, and understanding their value, there is, I think, substantial funding in place to really take 3G forward in the years to come.

[257] **Rhodri Glyn Thomas:** Mae gennyf ddau gwestiwn i chi. Yn gyntaf, lle mae adnoddau a lle mae cyrff chwaraeon yn cael eu hariannu'n uniongyrchol neu'n anuniongyrchol gan Lywodraeth Cymru, pa ymdrechion rydych yn eu gwneud i sicrhau cyfle cyfartal? Hynny yw, mae clybiau merched yn dod ataf i ddweud nad ydynt yn **Rhodri Glyn Thomas:** I have two questions for you. First, where there are facilities and where sports bodies are financed directly or indirectly by the Welsh Government, what efforts are you making to ensure equality of opportunity? That is, women's clubs come to me and say that they do not receive the same opportunities as clubs for boys and men to

cael yr un cyfle â chlybiau i fechgyn a dynion i ddefnyddio'r adnoddau hyn. A oes unrhyw fwriad gennych i geisio sicrhau mwy o gyfle cyfartal? use these facilities. Do you have any intention of trying to ensure greater equality of opportunity?

[258] **John Griffiths:** Absolutely, Rhodri Glyn. I think that this is a very important area for us, and in terms of prioritisation, as I set out earlier, widening participation, particularly among groups that have been relatively inactive and uninvolved up to now, is absolutely key for us. We have, thankfully, seen some strong progress in the involvement of girls and women in sport and physical activity in recent times.

[259] We of course have Tanni Grey-Thompson's report on sport in schools, which is very much a big-ticket item for us, as it were, in taking forward sport in schools in general and in making the link outside of school. That captive audience in schools is absolutely crucial, is it not? If we can get it right in schools at an early age—you know, right across gender and different groupings—we will establish, I hope, good habits in our young people that will stay with them and very much benefit them throughout their lives, and that will benefit public services by easing the strain on the NHS and so on. So, that is really important and promising, and, working with Huw Lewis, I want to make sure that we take that forward effectively.

[260] Sport Wales is very mindful of these issues and is working with sports' governing bodies. In the debate on cricket yesterday, I mentioned some of the statistics for girls' and women's involvement in cricket in Wales, which is really positive. We have seen, in terms of the Olympics legacy, progress in gymnastics, for example, and in swimming, much of it involving girls and young women. So, there are real positives, but we have been clear with Sport Wales that there are priorities for widening participation for us, and gender is very much at the forefront of that. Sport Wales very much understands that. Of course, it has its own strategies for socioeconomic issues as well, to make sure that those groups are more effectively reached in future child poverty strategy, as well as in general tackling poverty strategy.

[261] We feel that the key organisations that we fund reflect our prioritisation here. We are seeing progress, but, as ever, there is more to be done.

[262] **Rhodri Glyn Thomas:** Rwy'n falch iawn o weld y cynnydd hwnnw, Weinidog, ond o'r dystiolaeth sy'n dod ataf o'm hetholaeth i, mae'n amlwg nad oes cae chwarae cyfartal yn hyn o beth. Hynny yw, pan fo adnoddau fel caeau chwarae ar gael, y bechgyn a'r dynion sy'n cael y cyfle cyntaf, ac mae merched a menywod yn gorfod defnyddio'r adnoddau pan nad oes ar neb arall eu heisiau. Byddwn yn falch o weld mwy o bwyslais ar hynny. **Rhodri Glyn Thomas:** I am very pleased to see that progress, Minister, but from the evidence that comes to me from my constituency, it is clear that there is not a level playing field in that regard. That is, when facilities such as playing fields are available, it is the boys and the men who have the first opportunity to use them, and the girls and women have to use the facilities when nobody else wants them. I would be pleased to see a greater emphasis on tackling that.

[263] Mae fy ail gwestiwn yn ymwneud eto â rhannu adnoddau, oherwydd bydd hyn yn fwyfwy pwysig yn y dyfodol, gyda chrebachu ariannol. A wnewch sicrhau, Weinidog, fod cyrff chwaraeon sy'n cael eu hariannu'n uniongyrchol neu'n anuniongyrchol gan Lywodraeth Cymru yn gweithredu'n gadarnhaol ac yn adeiladol My second question is again in relation to sharing resources, because it is going to become increasingly important in the future, with diminishing funding. Will you ensure, Minister, that sporting bodies that are funded directly or indirectly by the Welsh Government operate positively and constructively in situations where they need

mewn sefyllfaoedd lle mae angen rhannu adnoddau? A gaf eich helpu drwy roi enghraifft i chi? Mae'n rhaid i bysgotwyr a chanŵ-wyr a rafftwyr, a phawb arall sydd am gael mynediad i ddyfroedd yng Nghymru, rannu'r adnodd gwerthfawr hwnnw. Mae elfen o gyfrifoldeb o ran cynnal a chadw. Mae Canŵ Cymru yn cael ei ariannu gan Chwaraeon Cymru. A wnewch sicrhau y bydd yn gweithredu'n adeiladol pan ddaw i sicrhau cytundebau gwirfoddol a chyfrannu drwy drwyddedau ac yn y blaen at gynnal a chadw ein dyfroedd ni?

to share resources? May I help you by giving an example? Anglers, canoeists and rafters, and everyone else who wants access to waters in Wales, have to share that precious resource. There is an element of responsibility with regard to maintenance. Canoe Cymru is funded by Sport Wales. Will you ensure that it operates constructively when it comes to securing voluntary arrangements and contributions through licensing and so on towards the maintenance of our waters?

[264] **John Griffiths:** Cadeirydd, I fear that Rhodri Glyn Thomas may be taking us into territory that could take up quite some time.

[265] **Rhodri Glyn Thomas:** Deep waters.

[266] **John Griffiths:** Deep waters indeed. However, I will answer. First of all, sharing facilities and resource is a big part of Sport Wales's agenda and ours, making sure that that happens increasingly among the different sports, activities and governing bodies. It is an expectation that there is much more working together and co-operation. I was very pleased, when I visited a gymnastics club, to hear that young girls are taking part in gymnastics in greatly increasing numbers. However, if after a while, for whatever reason, they drop out of the gymnastics club, it is not just a matter of that club waving goodbye and thanking them for coming along for a number of years; the club discusses with those young girls what other activities they might be interested in, and puts them in touch with other sports clubs and organisations so that they can remain physically active, rather than ceasing gymnastics and not doing much else. Increasingly, we need to see those networks being built and good communications between the clubs and organisations. I know that local authority leisure centres are very keen to play that networking and liaison role as well, by linking people coming along to the leisure centre who may not be members of clubs so that there is good joint activity.

[267] I will just say in passing that it is really important that we make stronger progress on community-focused schools. It is very frustrating for all of us to see schools, at weekends, holidays and evenings, closed off to the community. We have some great examples of where that is not the case, and we have seen a lot of progress through twenty-first century schools, but a lot more could still be done. At a time when money is so short, we really need to open those schools more consistently across Wales to the community. It is very good for education as well, because when you think about it, children do not spend that much time in schools—they spend a lot of time outside school. Getting the community linked in to the educational effort more effectively is very positive as well. I have had discussions with Huw Lewis on these matters, and no doubt we will continue to have them.

[268] On water, we are taking forward a Green Paper at the end of the year, but it is not all about legislation. It should be perfectly possible to get co-operation and shared use. It should not be a matter of whether these waters are fished or canoed—if that is the right word—as it is perfectly possible to do both. We are very keen on voluntary arrangements, as was the committee when it carried out its inquiry and made its recommendations. We have Splash funding to try to incentivise that coming together and that agreement. We have some examples of where it has been effective and we have seen progress, but admittedly they are not as prevalent and as widespread as we would like. Perhaps all committee members might urge the canoers and anglers to make common cause to see water as a resource that should be

there for wide use, and to try to make sure that the necessary accommodations are arrived at.

[269] **Christine Chapman:** Time is running a bit short, and we still have some areas of budget scrutiny to cover, so I will move on to Jenny.

[270] **Jenny Rathbone:** Earlier on, you told Mike Hedges that, before taking forward legislation, you have to make sure that the resources are there to implement it. You took forward the Active Travel (Wales) Bill to much fanfare, and you are the Minister for promoting walking and cycling, but there is nothing in your budget to implement the Active Travel (Wales) Bill. Could you explain how that is ever going to get implemented?

11:45

[271] **John Griffiths:** Beyond the £0.3 million identified to deliver the existing route-maps, it has always been clear, and I always made this clear throughout the scrutiny process on the active travel Bill, that the budget remains with transport and the Minister for economic development, and we think that that is the case for a very good reason. If we are to get true integration within the transport department, that very much factors active travel into the other aspects of an integrated transport system—the road building and the public transport aspects—then it is absolutely right that the budget for active travel remains within general transport funding. We need to make the links and make sure that policy delivery and development are truly integrated. That must be right. That aspect of the transport budget will be scrutinised by the appropriate committee.

[272] **Jenny Rathbone:** That is my concern, because the road lobby is very much more powerful than the walking and cycling lobby. The sum of £300,000 is less than 10p per head of the population, and it is only £13,500 per local authority. Is that because the Government does not intend to do anything on this in the next financial year, because it does not have the resources and, therefore, we can expect money to be made available in the following year? In December last year, the Government announced a whole-Government approach to raising levels of physical activity, and this is a key way of doing it. So, it is disappointing that there is no evidence of the money being set aside to carry this out.

[273] **John Griffiths:** I agree with you, Jenny, on the importance of the active travel Bill and properly taking forward that shift to get people walking and cycling rather than jumping into their cars. That is very important for physical activity, health and much else. However, as I said earlier, we have always been clear, in setting out our policy and throughout the scrutiny process on the legislation, that the large majority of the budget to deliver on this would remain with the transport department for the reasons that I have described. We need true integration around transport. We do not want active travel to be an add-on or a sideline to any extent. It has to be central to the transport policy of the Welsh Government. The most effective way of doing that is for that budget for active travel to remain within the transport portfolio. There is earmarked money within the transport budget to take forward active travel—it is not a matter of postponing it for future years. That is the case this year and it will also be the case next year. There is money that will be used for regional transport roll-out that is earmarked for active travel and there are other moneys for safe routes to school and Bike It as well. The funding is there and it is in the transport budget for those reasons.

[274] **Jenny Rathbone:** Okay, this is a matter that, perhaps, we need to pursue elsewhere, but thank you.

[275] **Lindsay Whittle:** Minister, this is just a brief question on landscapes and outdoor recreation, which I know that the Government puts great emphasis on, and you do personally as well, which is to your credit, fair play. I live on virtually the floor of a valley, yet within 10 minutes I can be in the open countryside and can enjoy it. There is £290,000 here for access

to the open countryside. Wherever you live in Wales, by and large, you have access to the open countryside, if you are reasonably fit and healthy. However, what about the elderly and the disabled? Will some of this money be spent to assist those people to enjoy the open countryside, or, if they live in cities, to enjoy some of the magnificent parks, such as those that exist in this city, for example?

[276] **Mike Hedges:** And in Swansea.

[277] **Lindsay Whittle:** And in Swansea as well, I am sure, and Newport. I had better name all the cities—oh, we have not got the time.

[278] **John Griffiths:** An important part of access is that it is open to all, Lindsay, of course. I have seen aspects of the Wales coast path where flat tarmac surfaces have been created with just that aspect of widening access in mind. At Rest bay in Porthcawl, there was good use of money for the Wales coast path to create disability friendly access. I met some wheelchair users on the day that I went there who explained to me clearly how important it was for them to be able to access that coastal route at Rest bay—what it meant to them and what they gained in terms of their health, wellbeing and quality of life. So, this is something that we have taken forward through, for example, the Wales coast path funding. It is very difficult at times to strike the right balance in terms of shared use and access improvement. This is relevant to our active travel Bill as well, and we wrestled with those issues. You want to make sure that you widen participation for the greatest number of people, but at the same time, you want to make sure that you provide for people with particular disabilities and issues. Of course, it can be a very tricky balance to strike. There are examples across Wales where funding has been used for people with disabilities, as well as widening access more generally.

[279] **Lindsay Whittle:** For elderly people, of course, the occasional seat and the occasional toilet are also very welcome.

[280] **John Griffiths:** Absolutely.

[281] **Rhodri Glyn Thomas:** Pa ganran o gyllideb ddrafft yr adran sydd wedi'i ddyrannu ar gyfer gwario ataliol? **Rhodri Glyn Thomas:** What proportion of the department's draft budget has been allocated to preventative spending?

[282] **John Griffiths:** Right, well, I think that I can fairly say that virtually the whole budget is along the lines of preventative spend. Certainly, if you look at the funding for Sport Wales, for example, and for increasing access, which we have just been talking about, you will see that the emphasis is strongly on preventative spend. We all know that an awful lot of the NHS budget is reactive. It deals with the problems that exist and, rightly, have to be addressed. It is really important to get on the front foot in terms of health, and to prevent ill health from developing in the first place. So, if we can get people to be more physically active, that will be a huge benefit to the health service, and it really is preventative spend. It is preventing the national health budget from being drained, in terms of dealing with problems when they exist, by preventing those problems in the first place. I would also say that quite a lot of the budget for the arts council is very significant in terms of health and wellbeing. There are lots of links between mental health and arts provision, participation and attendance. Across the piece, I would say that, in terms of our budget, we are very much on the footing of preventative spend, but most strongly in terms of Sport Wales and access.

[283] **Mr Brodie:** Chair, if I could just add that it is very difficult to say that some spend is preventative and that other spend is definitely not preventative. The issue is just how strongly preventative, or how directly or indirectly preventative, spending is, in terms of our budget here. As the Minister said, although the most direct evidence would be in terms of physical activity, in terms of mental health, there is research evidence on the value of arts provision to

mental wellbeing. Equally, the contribution of heritage and culture more generally to all of those things is relevant. So, it is very difficult to put a precise figure—

[284] **Christine Chapman:** I would imagine that, in your portfolio, it would be simpler than in others, but I take Huw's point.

[285] **John Griffiths:** I would say very much so, Chair.

[286] **Christine Chapman:** I call on Leighton Andrews; I am sorry, I call on Rhodri Glyn.

[287] **Rhodri Glyn Thomas:** Rydym wedi cael cais gan y Pwyllgor Cyllid i edrych ar wario ataliol yn benodol. Hwyrach y byddech yn gallu rhoi nodyn i ni ynglŷn â gwario ataliol uniongyrchol ac anuniongyrchol, o ran rhai o raglenni'r adran, fel ein bod yn gallu adrodd yn ôl i'r Pwyllgor Cyllid. Roedd yr ail gwestiwn am ddatblygu cynaliadwy. Mae gennym ni, ac mae gan Lywodraeth Cymru, gyfrifoldeb statudol am hynny. A ydych chi'n gallu cyfeirio at enghreifftiau o fewn eich portffolio chi lle mae gwario uniongyrchol neu anuniongyrchol ar ddatblygu cynaliadwy?

Rhodri Glyn Thomas: We have had a request from the Finance Committee to look at preventative spending, specifically. Perhaps you would be able to provide us with a note on direct and indirect preventative spending, in terms of some of the programmes within the department, so that we can report back to the Finance Committee. The second question was on sustainable development, as we and the Welsh Government have a statutory responsibility for that. Can you refer to specific examples in your portfolio where there is direct or indirect spending on sustainable development?

[288] **John Griffiths:** Yes. First, I would be very pleased to provide that note for the committee, Rhodri Glyn. With sustainable development and the three strands, we contribute generally in terms of our budget, what our budget is about and what it achieves. Tackling poverty, as I mentioned earlier, is absolutely central to our prioritisation within our department. We task the bodies that we fund to make sure that they are delivering on tackling poverty. That is a very important strand for us as a Government in terms of sustainable development. The strands of sustainable development all contribute to that. We could give some specific, more concrete examples. A number of the bodies—Cadw, National Museum Wales and the National Botanic Garden of Wales, for example—are looking to increase energy efficiency, whether it is through solar panels or energy efficiency more directly. I know that we have a new bus route for the users of the national library, launched in September 2012, which followed a local regeneration partnership. We could cite specific examples and provide more detail, but, more generally, in terms of the spend within the department, it is very much on the footing of sustainable development, particularly with that priority of tackling poverty.

[289] **Leighton Andrews:** May I ask you to what extent you look at the reserves of the organisations that you are funding before deciding on grants for the next year?

[290] **John Griffiths:** We had meetings with the organisations that we fund, Leighton, and we discussed various matters, for example, to what extent they were leveraging in funding from outwith the public purse, to what extent there might be opportunities to increase that leveraging in of funding outwith the public purse and what reserves they had. There are quite tight restrictions and controls on the reserves that many of the bodies that we fund can carry. However, the national parks, for example, are in a different position. We learnt that they have substantial reserves, although it does vary to some extent between the three. Certainly, that was a factor in our decisions in terms of allocation. The fact that the national parks had substantial reserves influenced our eventual decision on the funding that we are allocating to them.

[291] **Leighton Andrews:** Did you feel that the reserves of the national parks were disproportionate, in that case, to what their needs were?

[292] **John Griffiths:** It is fair to say that we felt that they had built up reserves that were ample and gave them some leeway in terms of how they carried forward their activities in the context of more limited funding.

[293] **Leighton Andrews:** Was that a decision of the chief executives of the national parks or did you feel that the governing bodies of the national parks had played an active role in encouraging that?

[294] **John Griffiths:** I think that it would have been a joint decision between the chief executives and the governing bodies.

[295] **Leighton Andrews:** Are you satisfied that the organisations are bringing in additional external revenue? The climate is not brilliant for it, I accept.

[296] **John Griffiths:** All the bodies that we fund were able to demonstrate to us that they have taken considerable steps to lever in additional funding. They did that of necessity, of course, because of the difficult times that we are in. However, to varying degrees, all of them felt—and we certainly felt—that they could do more. Indeed, I think that they found our bringing them together and discussing the issues quite useful. To some extent, they had learnt from each other through that exercise—to a greater extent than had happened hitherto. Along with the Minister for Finance, Jane Hutt, I intend to have further meetings with all the bodies to make sure that the ideas that were explored at that meeting are carried through and followed through and that we continue to have greater emphasis and focus on leveraging in those additional moneys.

[297] **Christine Chapman:** Minister, we have no more questions for you. I thank you and your officials, Huw Brodie and Huw Davies, for attending today. We will send you a transcript of the meeting so that you can check it for accuracy. Thank you for attending. I know that the Minister for Finance is waiting outside for the next session.

12:00

**Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2014-15: Sesiwn
Dystiolaeth gan y Gweinidog Cyllid
Scrutiny of Welsh Government 2014-2015 Draft Budget: Evidence Session from
the Minister for Finance**

[298] **Christine Chapman:** I welcome the Minister for Finance, Jane Hutt AM. We are having a scrutiny session on the Welsh Government's draft budget. Minister, will you introduce your officials for the record?

[299] **The Minister for Finance (Jane Hutt):** Yes, I would be delighted to. Amelia John has already been before you, and she is the deputy director of fairer futures. Margaret Davies is head of budget policy.

[300] **Christine Chapman:** First of all, thank you for providing a paper in advance. The Members will have read it. So, if you are happy, we will go straight into questions, and, obviously, we are looking at the equality considerations in the draft budget. Could you tell me how you have ensured that the allocations across all portfolios have been prioritised to reflect the different needs of the Welsh population?

[301] **Jane Hutt:** The evidence paper that I circulated for Members refers to that. The paragraph outlining the strategic context sums this up, in terms of our Government commitment to developing a fairer society in which every person is able to make the most of their abilities and contribute to the community. In a way, that is embedded in our approach to our budget planning process. So, equality, tackling socioeconomic disadvantage, children's rights, the Welsh language and sustainable development are reflected throughout the budget planning process. These are also closely reflected alongside the strategic equality plan, as well as the programme for government.

[302] **Peter Black:** Are there any specific areas of concern regarding the availability of resource and the ability to deliver on commitment in the strategic equality plan?

[303] **Jane Hutt:** What I said in response to the first question demonstrates that the objectives of the strategic equality plan have to underpin budget planning preparation by Ministers across the board, and there are eight equality objectives. I know that you have also taken evidence from the Minister for Communities and Tackling Poverty, and, to a large extent, he takes the lead in terms of making sure that we deliver on that wide range of objectives in the strategic equality plan. However, it is clearly a cross-cutting responsibility across the whole of the Welsh Government. So, it is our intention to ensure that we have that availability resource right at the outset when they start a very difficult budget planning process.

[304] **Peter Black:** So, what is the relationship between the strategic equality plan and the equality impact assessment?

[305] **Jane Hutt:** In a sense, the equality impact assessment is a very useful tool to help us to ensure that we can deliver on the objectives of the strategic equality plan. I launched the strategic equality plan when it was in my portfolio. That came as a result of extensive consultation with external stakeholders and led us to those eight key objectives. So, that is enshrined in our commitment in the programme for government. The equality impact assessment can help us to identify and ensure that we are delivering on those objectives—it is the toolkit, if you like—in terms of delivering on the impact assessment of the plan.

[306] **Mark Isherwood:** What examples, if any, can you provide us with where a negative impact was identified and how, if at all, the Welsh Government took action to mitigate that impact and monitor the future impact?

[307] **Jane Hutt:** The important way that we are approaching budget planning—and this has certainly been the case throughout the process—is to ensure that we start the budget planning process with a commitment to identifying what could be negative impact if certain decisions are made and also how various aspects of policy and delivery could help mitigate negative impacts in terms of reducing budgets. We are in a position, and have been for the last three years, of preparing a reduced budget, so it is about priorities, and obviously that has to be underpinned by our programme for government. Very difficult decisions have had to be made, recognising that, in fact, with every decision, we have had to ask, 'If there is a reduction, is this going to have a negative impact?' We then have to ask, 'Is it a disproportionate negative impact?' and 'On who would that impact be in terms of risks, particularly looking at the people who we want to support in terms of protected characteristics?' So, that is done right at the starting point of the budget planning process.

[308] One particular programme that we identified that we felt that we needed to look at very carefully was Supporting People. In fact, three years ago when we started on the impact assessment route to budget planning, Supporting People was highlighted as a major programme that has a preventative element to it in how it assists and enables vulnerable

people to stay independent in their own homes and to access a range of services. I do not need to tell you this, Mark; you know how important Supporting People is. So, that is one identified area, and it was very fortunate that that area was recognised in our budget agreement discussions. We have been able, as a result of that, to provide £5.5 million to protect investment in this vital area, which means that we can continue to support 50,000 people a year to live independently.

[309] That is just one example of where we have looked carefully at what the impact could be at a very early stage. Also, we have been proactive. I have responded over the last 24 hours to the ways in which we can mitigate changes, for example, in terms of welfare reform policy. So, the £20 million for the social housing grant to enable registered social landlords to build smaller one and two-bedroomed homes was a clear decision that was made by the Welsh Government to assist the affected households, families and individuals.

[310] A very proactive development, which has, again, been very much an example of co-production, is the framework for action on independent living for disabled people, which came originally as a petition to the Assembly. I believe that that is a framework that will help to ensure that we make the right policy decisions to mitigate reductions in budgets and support vulnerable people.

[311] **Leighton Andrews:** Could you explain how the budget advisory group for equality works?

[312] **Jane Hutt:** The budget advisory group for equality is a high-level group. It is a group that I set up when I was responsible for equalities, and I chair it alongside the Minister for Communities and Tackling Poverty. It is to provide advice and share expertise and best practice on equality issues. The Equality and Human Rights Commission is represented on it, as are other representatives from the equality sector. We also have an academic adviser, Caroline Joll, an economist, who has guided us over recent weeks on a very useful paper on issues around the evidence base on making full use of the equality impact assessment process. It is a high-level group. It meets quarterly, and it helps us to deliver on equality impact assessments.

[313] **Leighton Andrews:** Chair, I declare an interest as my wife is the Wales Commissioner for the Equality and Human Rights Commission, which has been mentioned. What does the group actually do in terms of feeding into the annual budget-setting exercise?

[314] **Jane Hutt:** It is an advisory group. At our most recent meeting it was not scrutinising me on our budget decisions. It looks at the tool of equality impact assessments. As you know, the Equality and Human Rights Commission undertook an appreciative inquiry, which is reflected in my written evidence, to look at ways in which we can develop this tool. Caroline Joll, the academic adviser, brought to us last week a paper, in which I am sure the committee might be interested, looking at ways in which we can identify, for example, whether our funding decisions can particularly support the poorest and most vulnerable people in our communities, and identify what is redistributive and progressive. Actually, there is a very weak evidence base in terms of assessing the equality impact of budgetary decisions. Of course, around that table we have representatives from Disability Wales, the Women's Equality Network Wales, and a coalition from Race Equality First and Stonewall. They are looking, in particular, to provide us with evidence of how we can improve on the use of the equality impact assessment tool, and they also advise us on issues like participatory budgeting, and in looking at case studies in terms of the beneficial impacts of spend on the communities, individuals and sectors that they represent.

[315] **Leighton Andrews:** Are there specific things that are being done in respect of improving the EIA process this year? Do you have any future plans to do so?

[316] **Jane Hutt:** You have all seen the EIA. It was published alongside the draft budget.

[317] **Leighton Andrews:** I am talking about the actual process of drawing it up.

[318] **Jane Hutt:** Again, we talk about a journey in terms of developing the EIA process, because we were the first Government to fully implement the Equality Act 2010 back in 2010-11, which of course called for the statutory duty to produce equality impact assessments. Clearly, we are learning from the benefits of our earlier EIAs in terms of impacts that they had on our decision making on the budgets. I have to say that the BAGE has only met three times, so it is very early days for it. I think that it is a very useful strategic advisory group for us in terms of the EIA. I would certainly hope that this committee will also reflect on this version of the EIA in terms of the opportunities that it provides for scrutiny and understanding equality impacts.

[319] **Christine Chapman:** To follow Leighton Andrews's point, this is the process and you said that it is early days, Minister, but how will we measure when we have succeeded in that?

[320] **Jane Hutt:** I hope that the measure will be in terms of good budget decision making to reflect not just our programme for government but, in terms of the strategic equality panel, the protected characteristics and the individual sectors and communities that we are seeking to support and reflect. I am sure that other Ministers have made the point that, in a sense, the equality impact assessment has to be an ongoing process. It is not something that we pick up when we get to budget-setting time. The process has to be ongoing in terms of the decisions being taken, which are particularly stark in terms of a reduced budget, which we have had to develop and present to the Assembly this year. The BAGE is quite useful, because it represents those protected characteristics, and it can come to us very clearly to express its concerns about decisions that we have made. However, it also needs to have the evidence of the impacts, and that is where the work done by Caroline Joll, the academic adviser, will be particularly important.

12:15

[321] You will notice, not just from the EIA but also from the draft budget, that we have had themes this year. We are quite clear about our priorities in terms of health, schools, universal benefits, jobs and growth, but this year we have also themed to help Ministers with their EIA to look at whether decisions will help to raise educational attainment, and support children and families in deprived communities. So, we drilled down to have more strategic objectives in our priorities, and that is reflected in the EIA this year.

[322] **Christine Chapman:** A number of Members want to come in, but it would be good, Minister, if you were able to supply us with Caroline Joll's paper. I will bring Mark in, then Jenny.

[323] **Mark Isherwood:** My previous question referred to negative impacts identified under equality impact assessments, and asked for examples of negative impacts of an allocation made by the Welsh Government in a Welsh Government budget that you had identified. You responded by referring to allocations as a consequence of budget decisions elsewhere, and allocations to prevent negative impacts. However, you did not give examples of negative impacts identified of a budget allocation made. Can you provide any examples of those, and how you monitored and mitigated that?

[324] **Jane Hutt:** The equality impact assessment identifies in quite some detail the downsides of decisions that have had to be made by Ministers in terms of reductions, as well

as those perhaps more positive decisions that have been made to protect various budget heads, but acknowledges that difficult decisions have had to be made. One of the messages that we need to get over is that this has to be taken into account in terms of how our partners deliver their budgets in terms of their equality impact assessments. However, I think that it is clearly reflected in the EIA. There is quite a good one that you want to point to, Amelia, I think.

[325] **Ms John:** In the cumulative impacts section of the EIA of the budget, for each protected characteristic we sought to draw out where there has been some negative impact, as well as the positive impact, and how the Welsh Government is seeking to mitigate that.

[326] **Mark Isherwood:** Can you give us an example of a Welsh Government budget allocation where you knew there would be a negative impact, and you weighed up the pros and cons, and then of what, if anything, followed in consequence?

[327] **Jane Hutt:** We go into detail on page 84 on the issues around further education, for example, the issues around maximising support for post-16 education, because we are focusing very much on 16 to 24-year-olds. That is a very open recognition of the difficulties in the FE sector.

[328] **Mark Isherwood:** Okay. Thank you.

[329] **Jenny Rathbone:** What equality impact assessment was done on the Active Travel (Wales) Bill, and what influence did that have on the amount of money allocated to implement it?

[330] **Jane Hutt:** All Ministers have to undertake not only regulatory appraisal but equality impact assessments. Quite clearly, that has to be at the starting point of planning such legislation as the Active Travel (Wales) Bill.

[331] **Jenny Rathbone:** The allocation that has been given to the Minister for Economy, Science and Transport is £300,000, which is just to map existing routes. There is nothing in there for improving the current situation. Fifty per cent of my constituents do not have a motor car. Walking may be very difficult for people with physical disabilities, but anybody who uses a Motability scooter would be able to use the same dedicated walking or cycling routes.

[332] **Jane Hutt:** We are in a very tough time; £1.7 billion has been taken off our budget over this three-year spending review period. That therefore means that Ministers have to find, within their MEGs, the costs and financial implications of any new legislation that is forthcoming. Clearly, that includes the active travel Bill.

[333] **Christine Chapman:** As this has come up before, I wonder whether we need to write to the Enterprise and Business Committee with regard to its scrutiny of this matter. We can look in particular at the equality impact assessment, if Members are happy with that. Peter is next.

[334] **Peter Black:** The equality impact assessment is a much improved document on last year's, so it is clearly an evolving process. However, there are still a number of omissions. For example, there is no detailed impact assessment of the reduction in key areas, such as the third sector, and for local government, which is quite a big, significant reduction, there is about five or six paragraphs. I am just interested in whether you feel that that could be improved upon in future, and why there are those omissions.

[335] **Jane Hutt:** As I have said, the equality impact assessment process is embedded in all of our decisions, not just in terms of how we approach a very difficult and tough budget

planning round, but also in our policy development, as well as delivery, which goes back to Jenny Rathbone's point about legislation. It is about how we embed equality considerations in our mainstream Government business and in the delivery of the programme for government. So, we have to ensure that not only is the impact of the difficult decisions that we are making addressed and reflected in the EIA—and thank you for recognising the comprehensive nature of it—

[336] **Peter Black:** I did not say that it was comprehensive.

[337] **Jane Hutt:** However, we would also expect local government to carry out its own impact assessments; it also has a statutory duty to do that. It is interesting that the Equality and Human Rights Commission appreciative inquiry report said that we should focus on decisions of strategic importance—that was the recommendation—and that it should be a high-level assessment. It clearly has to be a responsibility for it, and, in fact, in the BAGE meeting last week, this was recognised by members, who said that they needed to make sure, as does the Equality and Human Rights Commission, that EIAs are undertaken at local government level. Clearly, we had to make a difficult decision, but there are many areas of spend that I announced as part of the draft budget that will benefit local services, and we have reflected that in the EIA, and that includes the protection for schools, the uplift for Flying Start, and also some of the capital announcements that we have made. So, those are positive reflections of the support that we are giving, and not just to universal benefits, much of which will directly provide local services in local communities that are important to local government.

[338] **Peter Black:** So, if equality is embedded in the entire budget process, and the EIA is a reflection and a narrative of that embedding, does the fact that it does not deal with the third sector mean that you did not actually carry out that assessment of the impact on the third sector, which you have cut?

[339] **Jane Hutt:** I am sure that you would have raised this with the Minister for Communities and Tackling Poverty, who is responsible for the third sector.

[340] **Peter Black:** Well, I am scrutinising the document and why it does not reflect the fact that you may or may not have carried out an equality assessment of the impact of making a cut on the third sector.

[341] **Jane Hutt:** The third sector obviously benefits a great deal across the board from the whole of the draft budget, from all ministerial responsibilities and budgetary allocations. Supporting People is a very good example, where the voluntary sector is delivering many of those services. There is not just a third sector equality impact assessment; it has to be reflected in budgetary decisions in every ministerial portfolio. Again, this is the sort of thing that we can use the BAGE group for. Much of the representation there is from the third sector. I am meeting the third sector—I have biannual meetings with the third sector—specifically to look at the budget in the coming weeks, before the final budget debates. I am sure that it will be reflecting on the equality impact assessments of our budget.

[342] **Peter Black:** So, clearly, a comprehensive approach is still an objective for future EIAs.

[343] **Jane Hutt:** It is certainly something that we can learn from, I am sure, not just from this committee's scrutiny, but from the third sector when I meet it in terms of its views. When we have, in the past, had a growing budget, and before we instigated the equality impact assessment process, it had views on our priorities and the impacts of beneficial, positive decisions about budgetary allocations. However, when we are into this negative, reducing budget allocation, the impact that it has on the people that it represents in the sector is crucial,

obviously.

[344] **Christine Chapman:** I remind Members that we have about a quarter of an hour left. We will move on now to questions from Gwyn Price.

[345] **Gwyn R. Price:** Good afternoon, Minister. Can you tell us what are the benefits and the drawbacks of the integrated impact assessment, which take into account equality, poverty, children's rights and the Welsh language?

[346] **Jane Hutt:** I was very much responding to your review of the equality impact assessment. You will see in my written evidence that I did give you a response to all of the recommendations, particularly the recommendation on a systemic approach to EIAs, and the fact that we have a more integrated impact assessment is, I think, a reflection of that. The Finance Committee also said that we should also standardise impact assessments. So, it does go back to my very first points about what it is that we are trying to achieve as a Government in terms of a fairer society and a prosperous economy that is meeting the needs of all our citizens. If you embrace the equality impact assessment with sustainable development, the Welsh language, children and older people, you will see, I hope, that this is presented in the EIA alongside the draft budget, but also within the draft budget.

[347] **Christine Chapman:** Lindsay, do you want to come in on this point?

[348] **Lindsay Whittle:** Yes. I would like to know your data sources regarding the potential impacts of the EIA, as it is called, and what expertise you drew upon. Minister, how will you ensure that the inclusion of all of the issues that you have highlighted today does not dilute any aspect of equality at all? You will know from your previous role as the champion of equality in the Senedd that equality issues probably cover virtually everyone in Wales, I would have thought. However, I would just be interested to know that.

[349] **Jane Hutt:** I referred earlier on—and I will share this with you—to Caroline Joll's work. As our academic member, she produced a paper on the evidence of public expenditure on socioeconomically disadvantaged people. There is limited resource in terms of academic expertise in this field, but we also have our own knowledge and analytical services department in the Welsh Government, from which we draw data. There is also a dedicated statistician and there are researchers supporting this work. We are also building the evidence ourselves from evaluation. I am sure that you have reflected on some of the evaluations and outcomes of our investment in programmes that we feel are, for example, pro-poor and are targeted in particular at the most disadvantaged and vulnerable people, but also then looking at issues such as gender, ethnicity and disability and how we can most effectively target our resources. It is clear that we use every source of data we can to enhance the information and guidance that we give to Ministers in terms of budget setting.

12:30

[350] **Lindsay Whittle:** I have just a quick question, Minister. Is the department that you referred to here in Cardiff, or does it have branches at the Merthyr, Aberystwyth or Llandudno offices as well?

[351] **Jane Hutt:** It is based in Cathays park and it is also reflected across all our decentralised offices, because it is the Welsh Government here and in Aberystwyth and in Llandudno and in Merthyr Tydfil.

[352] **Christine Chapman:** Jenny, did you want to come in?

[353] **Jenny Rathbone:** In December last year it was announced that there was a whole-

Government approach to raising levels of physical activity, and I wonder how that was used to assess the allocation of the budget across the different portfolios.

[354] **Jane Hutt:** I think that the whole-Government approach is clearly defined in the programme for government, and in our commitment to that integrated approach to impact assessments. Clearly, that is how the budget has developed. Also, we have a very clear legal context in terms of delivery, and that is laid out in my written evidence.

[355] **Christine Chapman:** I want to move on now to the Welsh language. Rhodri Glyn is next.

[356] **Rhodri Glyn Thomas:** Weinidog, pa gamau penodol a gymerwyd i ystyried yr effaith ar yr iaith Gymraeg wrth benderfynu ar ddyraniadau'r gyllideb ddrafft? **Rhodri Glyn Thomas:** Minister, what specific actions were taken to look at the effect on the Welsh language in deciding the draft budget allocations?

[357] **Jane Hutt:** Clearly, we are committed to considering the impact of actions on the Welsh language and Welsh speakers, and that of course is why the Welsh language strategy, 'A Living Language: A Language for Living', sets out our vision. That then is our guide in terms of budget setting. Also, of course, the duties under the Welsh Language (Wales) Measure 2011 give us that statutory obligation as well, in terms of making policy decisions. So, there has had to be a high-level assessment of our budget proposals to improve understanding of the impact of our spending decisions on the Welsh language, and that has assisted us in terms of assessing the impact of expenditure on the Welsh language.

[358] **Rhodri Glyn Thomas:** A ydych yn gallu fy nghyfeirio at unrhyw wahaniaethau sylfaenol rhwng y gyllideb ddrafft eleni a chyllideb y llynedd sydd wedi datblygu oherwydd yr asesiad hwn a wnaethoch ar yr effaith ar yr iaith Gymraeg? **Rhodri Glyn Thomas:** Can you refer me to any fundamental differences between the draft budget for this year and last year's draft budget that have developed because of this assessment you undertook on the effect on the Welsh language?

[359] **Jane Hutt:** I think that we have more obligations now, quite clearly, in terms of statute. It is a developing process in terms of influence and how that affects our budget process. I have to say, of course, that we are also facing a reduced budget from last year, so that has had a negative impact in terms of trying to deliver on all our responsibilities. Clearly, one of the things that has been very important is that we have Welsh language champions across all our Welsh Government departments. They are playing their part, not as one-offs, but throughout the year, in a continuous process in terms of influencing policy and budget development. However, the backdrop, the context, is a reduced budget and new statutory responsibilities, and I hope that you will see that we have reflected on that in the draft budget.

[360] **Rhodri Glyn Thomas:** Y gwir amdani, Weinidog, yw bod gostyngiad o £750,000 yn y gwariant uniongyrchol ar yr iaith Gymraeg. Mae £400,000 wedi mynd allan o gyllideb Comisiynydd y Gymraeg. Clywsom y bore yma fod £200,000 o ostyngiad yn yr arian sy'n mynd i'r Cyngor Llyfrau Cymraeg—rwy'n tybio bod hynny'n rhan o'r £750,000. Felly, mae hynny'n gadael £150,000 arall; ble mae'r gostyngiadau hynny wedi digwydd? **Rhodri Glyn Thomas:** The truth is, Minister, that there has been a decrease of £750,000 in direct spend on the Welsh language. A sum of £400,000 has gone out of the Welsh Language Commissioner's budget. We heard this morning that there is a decrease of £200,000 in the funding that goes to the Welsh Books Council—I take it that that is part of the £750,000. Therefore, that leaves £150,000; where have those decreases happened?

[361] **Jane Hutt:** It is important, in terms of what steps we have been taking, to recognise

responsibilities, and not just responsibilities, but a desire to deliver on our Welsh language policies and commitments. We published an evaluation framework to look at how we were planning in terms of the impact of Welsh language policy, but clearly there have been difficult decisions that have had to be made across the board. We have maintained the level of funding for projects to develop the Welsh language in the community in the draft budget. There have been reductions to the Welsh in education budget for 2014-15, which was a difficult decision that had to be made. We must recognise that the Welsh language is cross-cutting. Budgetary responsibilities lie across the Welsh Government; it is not just for the education budget. It is important that we look at this as a tool. A specific project has been set up to look at how we can strengthen the links with other Welsh Government processes in relation to the Welsh language.

[362] The First Minister responded to these issues in the debate earlier this week on the Welsh Language Commissioner. Again, I understand that discussions about the commissioner's budget for 2014-15 are taking place. There was an underspend in this financial year in the Welsh Language Commissioner's budget. This reflects the reality of the difficult budget settlement that we have. I have to go back to our commitment to deliver. The tools that we have—the ambassadors, the champions and the evaluation framework—should give you some reassurance. The main point that I want to make as Minister for Finance is about our commitment. Our commitment is quite clear. We want to deliver on 'A Living Language' as well as the Welsh language Measure. The fact that we are including that—and it is in the written evidence as well—as part of this integrated approach, should hopefully give some assurance that the Welsh language is at the forefront of our commitment.

[363] **Rhodri Glyn Thomas:** I fod yn glir ar hyn, rwy'n derbyn yr hyn rydych yn ei ddweud: rydym yn wynebu sefyllfa ariannol hynod o anodd ac mae cyfyngiadau ar bawb. Rwy'n deall hynny'n iawn. Ond, a yw'r £200,000 o ostyngiad yng nghyllideb Cyngor Llyfrau Cymru yn rhan o'r £750,000, ynteu a yw ar ben y £750,000? A ydym yn sôn am ffigur sy'n agosach at £1 miliwn?

Rhodri Glyn Thomas: To be clear on this, I accept what you say: we are facing a very difficult financial situation and there are restrictions on everybody. I understand that. However, is the £200,000 reduction in the Welsh Books Council's budget part of the £750,000, or is it on top of the £750,000? Are we talking about a figure closer to £1 million?

[364] **Jane Hutt:** Chair, I will have to write to the committee on this. It is not within my direct portfolio, but as Minister for Finance I would like to clarify that.

[365] **Rhodri Glyn Thomas:** Diolch yn fawr.

[366] **Christine Chapman:** Thank you, Minister. Mike Hedges is next.

[367] **Mike Hedges:** May I preface my remarks by saying what a good job the *mentrau iaith* are doing, certainly in my area? You are trying to do something incredibly difficult in looking at the impact on the Welsh language. You can have an impact on the number of Welsh speakers, but the difficulty is in looking at the effect on people's ability to speak it. There are problems, such as, if there were two people working on a reception desk who could speak Welsh, but one of them was let go as part of the reductions, then people will go along, ask a question in Welsh at the reception desk, and they will be told, 'Yes, you can, but you will have to come back in a quarter of an hour, or we can do it in English now'. Is anything being done to try to identify what are exceptionally difficult problems in continuing to have not just the ability, which every organisation will show that they have somebody to do it, but it is about the ability to do it there and then when people arrive?

[368] **Jane Hutt:** That is an important point that can be taken back to the Welsh Language Commissioner and the Welsh language unit. We welcome your positive comments about

mentrau iaith. I mentioned that as an area that we have sought to protect. I will ask Margaret if she can clarify the earlier point raised, or do we need to write to the Chair?

[369] **Ms Davies:** We will need to write to confirm the details. My understanding is that the budgets for those two areas sit within the relevant ministerial portfolio allocations. I would like to clarify that with the Ministers, but it is my understanding that they sit in different MEGs. We will have to write.

[370] **Christine Chapman:** We do not have any other questions, Minister. I thank you and your officials for attending today. We will send you a transcript of the meeting to check for factual accuracy.

[371] I remind Members that the next meeting is on 6 November. We will be questioning the public service ombudsman on his report and hearing from Mr Ed Green in connection with the inquiry into barriers to home building.

*Daeth y cyfarfod i ben am 12:40.
The meeting ended at 12:40.*