



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

**Dydd Iau, 9 Hydref 2014**  
**Thursday, 9 October 2014**

**Cynnwys**  
**Contents**

Cyflwyniad, Ymddiheuriadau a Dirprwyon  
Introductions, Apologies and Substitutions

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2015-2016—Sesiwn  
Dystiolaethgan y Gweinidog Cyllid a Busnes y Llywodraeth a'r Gweinidog Cymunedau  
a Threchu Tlodi  
Scrutiny of Welsh Government 2015-2016 Draft Budget—Evidence Session from the  
Minister for Finance and Government Business and the Minister for Communities and  
Tackling Poverty

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2015-2016—Sesiwn Dystiolaeth  
gan y Gweinidog Gwasanaethau Cyhoeddus  
Scrutiny of Welsh Government 2015-2016 Draft Budget—Evidence from the Minister for  
Public Services

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

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2015-2016—Sesiwn  
Dystiolaeth gan y Gweinidog Cymunedau a Threchu Tlodi  
Scrutiny of Welsh Government 2015-2016 Draft Budget—Evidence Session from the  
Minister for Communities and Tackling Poverty

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2015-2016—Sesiwn Dystiolaeth  
gan y Dirprwy Weinidog Diwylliant, Chwaraeon a Thwristiaeth  
Scrutiny of Welsh Government 2015-2016 Draft Budget—Evidence Session from the  
Deputy Minister for Culture, Sport and Tourism

Papurau i'w Nodi  
Papers to Note

Cynnig o dan Reol Sefydlog 17.42(vi) i Benderfynu Gwahardd y Cyhoedd o Weddill y  
Cyfarfod ac o Eitemau 1 a 2 o'r Cyfarfod ar 23 Hydref 2014  
Motion under Standing Order 17.42(vi) to Resolve to Exclude the Public from the  
Remainder of the Meeting and for Items 1 and 2 of the Meeting on 23 October 2014

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

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

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

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

**Eraill yn bresennol**  
**Others in attendance**

Leighton Andrews	Aelod Cynulliad, Llafur (y Gweinidog Gwasanaethau Cyhoeddus) Assembly Member, Labour (Minister for Public Services)
Huw Brodie	Cyfarwyddwr Diwylliant a Chwaraeon, Llywodraeth Cymru Director of Culture & Sport, Welsh Government
Debra Carter	Dirprwy Gyfarwyddwr, Cyllid a Pherfformiad Llywodraeth Leol, Llywodraeth Cymru Deputy Director, Local Government Finance and Performance, Welsh Government
Kate Cassidy	Cyfarwyddwr, Cymunedau a Threchu Tlodi, Llywodraeth Cymru Director, Communities & Tackling Poverty, Welsh Government
Huw Davies	Pennaeth Cyllid, Diwylliant a Chwaraeon, Llywodraeth Cymru Head of Finance, Culture & Sport, Welsh Government
Lesley Griffiths	Aelod Cynulliad, Llafur (y Gweinidog Cymunedau a Threchu Tlodi)

John Howells	Assembly Member, Labour (Minister for Communities and Tackling Poverty) Cyfarwyddwr Tai ac Adfywio, Llywodraeth Cymru Director of Housing and Regeneration, Welsh Government
Jane Hutt	Aelod Cynulliad, Llafur (y Gweinidog Cyllid a Busnes y Llywodraeth) Assembly Member, Labour (Minister for Finance and Government Business)
Amelia John	Pennaeth yr Is-adran Dyfodol Tecach, Llywodraeth Cymru Head of Fairer Futures Division, Welsh Government
Peter Jones	Pennaeth Cyllid, Llywodraeth Leol a Chymunedau, Llywodraeth Cymru Head of Finance, Local Government and Communities, Welsh Government
Reg Kilpatrick	Cyfarwyddwr, Llywodraeth Leol, Llywodraeth Cymru Director, Local Government, Welsh Government
Jo Salway	Dirprwy Gyfarwyddwr, Cyllidebu Strategol, Llywodraeth Cymru Deputy Director, Strategic Budgeting, Welsh Government
Kenneth Skates	Aelod Cynulliad, Llafur (y Dirprwy Weinidog Diwylliant, Chwaraeon a Thwristiaeth) Assembly Member, Labour (Deputy Minister for Culture, Sport and Tourism)

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

Jonathan Baxter	Y Gwasanaeth Ymchwil Research Service
Chloe Davies	Dirprwy Glerc Deputy Clerk
Hannah Johnson	Y Gwasanaeth Ymchwil Research Service
Matthew Richards	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Liz Wilkinson	Ail Glerc Second Clerk
Robin Wilkinson	Y Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 09:03.*  
*The meeting began at 09:03.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon**  
**Introductions, Apologies and Substitutions**

[1] **Christine Chapman:** Good morning, everyone. I welcome you all to the National Assembly's Communities, Equality and Local Government Committee. We have not received any apologies this morning.

**Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2015-2016—Sesiwn Dystiolaeth gan y Gweinidog Cyllid a Busnes y Llywodraeth a'r Gweinidog Cymunedau a Threchu Tlodi**  
**Scrutiny of Welsh Government 2015-2016 Draft Budget—Evidence Session from the Minister for Finance and Government Business and the Minister for Communities and Tackling Poverty**

[2] **Christine Chapman:** This is the first of two meetings to scrutinise the Welsh Government's 2015-16 draft budget, so I extend a warm welcome to the panel. First, we have Jane Hutt, Minister for Finance and Government Business. Also, we have Lesley Griffiths, Minister for Communities and Tackling Poverty. Your officials are Jo Salway, deputy director of strategic budgeting, and Amelia John, head of the fairer futures division. Welcome to you all. Members will have read the paper that you sent in, so, if you are happy, we will go straight into questions.

[3] I just want to start off with a broad question about any specific areas of concern about the delivery of strategic equality plan commitments across Government.

[4] **The Minister for Communities and Tackling Poverty (Lesley Griffiths):** No, I do not have any. All Ministers are signed up to this within their budgets, and they should be properly resourced for it. It is up to them to make sure that they deliver on the objectives within their budget allocations. We are very much committed to delivering our commitments in the strategic equality plan. That brings together all policies and programmes from right across Government. It has been brought together following consultation and engagement with our stakeholders, and the policies and programmes within it have been identified as our key priorities.

[5] **Christine Chapman:** Jane—sorry, Minister—do you have any other comments, or shall we move on?

[6] **The Minister for Finance and Government Business (Jane Hutt):** No, I think that the Minister has answered the point.

[7] **Jocelyn Davies:** Can I just ask how that is monitored? I know that you say that everybody has signed up for it, but is there any kind of central—

[8] **Lesley Griffiths:** Yes. The progress is tracked through the SEP board.

[9] **Jocelyn Davies:** SEP?

[10] **Lesley Griffiths:** Sorry, the strategic equality plan board.

[11] **Jocelyn Davies:** So, there is a board. Okay. Who is on that?

[12] **Ms John:** They meet quarterly. It is a combination of senior officials within the Welsh Government and also external stakeholders from across equalities organisations, such as the Welsh Local Government Association and the NHS Centre for Equality and Human Rights. We get officials to come in and talk to them about specific areas. They are able to ask them about progress, so they can really track progress and monitor it in depth.

[13] **Christine Chapman:** Mark, did you have a question?

[14] **Mark Isherwood:** How does the Welsh Government intend to improve alignment between the tackling poverty action plan and the strategic equality plan to ensure that groups

that are likely to be in poverty are not disproportionately impacted by budget changes?

[15] **Lesley Griffiths:** We are absolutely committed to ensuring that the strategic equality plan does align with the tackling poverty action plan, because we know that people with protected characteristics, for example, are much more likely to be affected by poverty particularly. This can be exemplified by the welfare reform coming through. Also, they often find barriers to work. I think that it is particularly the case for lone parents, disabled people, and families with disabled children. That is something that was highlighted to me very early on in my portfolio. Clearly, a lot of these people have low educational attainment, which obviously then often leads to their becoming NEETs—not in education, employment or training. There is a lot of complex weaving going on between the two, but there are some examples of the alignment between the SEP and the tackling poverty action plan. I am sure that Members will have seen the strategic equality plan. If you look at objective 1 in particular—and this is something that I did very early in the portfolio—you will see that it is about the advice service sector. We had a statement in the Chamber very early on. I think that the review that we have just had of advice services will contribute to achieving objective 1, for instance, of the strategic equality plan.

[16] **Christine Chapman:** Mike, I think that you had a question.

[17] **Mike Hedges:** On local authority budget assessments, are they centralised to assess cumulative impacts across Wales? Are the cumulative effects looked at across years? Something that comes to mind is the closure of sports or leisure facilities. Those who are affluent can afford to go to a private gym. You might close gym 1, or the only one in a community, but there is another one a mile away, but if, two years down the line, you close another one 2 miles away, then you remove it from the whole of the community. That really does impact on people who are poor, who do not have cars and cannot afford to pay large sums for keeping fit.

[18] **Jane Hutt:** I think that that is a very valid point. In response to that question, obviously local authorities have a statutory duty to undertake their own impact assessments. That is an expectation in terms of the forthcoming draft budget rounds that they are engaged in. Just in terms of the cumulative impact of that, over the years, as you say, Mike, for us, the way that we see it is through the annual compendium of local authority performance data, which gives us a cumulative picture of what is happening at the local services level. That is something that I know that this committee is aware of and scrutinises. It is very important that they recognise—and the message is that they have that statutory duty—that they have to take that into account even in the tough, challenging times that they have in terms of their service provision.

[19] **Mike Hedges:** I have two questions on that. You get it on a local authority level. Large numbers of local authorities in Wales are Valley communities, where something could be a mile and a half away, but a mile and a half over a mountain is entirely different from a mile and a half down the road, or on the flat parts of inner Cardiff, for example. So, is anybody looking at that? Perhaps there is another question, which I had not thought of until you answered. You have got a statutory duty and you have also got statutory services that must be provided. How do they relate together? Which takes priority, the statutory duty or the statutory provision?

[20] **Jane Hutt:** I am referring to the statutory duty to undertake an impact assessment. Obviously, separately, this has been aired over the past two days quite a lot by local government leaders, about their statutory responsibilities and the difficult decisions that they have to make in terms of reducing budgets and non-statutory responsibilities. This came over very clearly when I was meeting with local authorities' front-line staff on my budget tour, namely that there was concern about the non-statutory responsibilities, like leisure centres as

one example. Staff felt, for example, that leisure centres—and I think that I said this to the Finance Committee last week—could be considered to be health centres because they have a preventative role in helping to give people access to public provision, as you mentioned the difference between public and private. However, on the issue of transport access to facilities, particularly in Valley communities because we know that you have to go down and up, that is also an issue in terms of their statutory duties towards equality impact assessments. I think that it is very important that those impact assessments are done at a time of reducing budgets rigorously. Also, I know that the Minister in her former role did a lot of work in terms of how local authorities were engaging with the public in considering the tough decisions that they have got to make. We have some good examples of that, which I am sure the committee must have looked at.

[21] **Christine Chapman:** Jocelyn, did you want to come in?

[22] **Jocelyn Davies:** Yes, coming in on that, I know that, just a week or so ago, a petition was brought here because of the closure of a leisure centre. I think that it was in Blaenau Gwent. The petition was being brought by a heart rehabilitation group, which was using that leisure centre to provide rehabilitation for people who had had a heart attack or some sort of heart treatment. They were being referred there by the health organisation. So, the loss of these things can affect some people, especially if they have lost their confidence and they have an illness. I do not think that they are likely to go seeking out somewhere else on a long bus route or another leisure centre, because it is a big step for them to go to their local leisure centre to have this sort of rehabilitation. I think that those heart rehabilitation groups right across Wales will be badly affected. Is there anything centrally, which I think is what Mike Hedges was asking, where you can see, as a Welsh Government, the impact, rather than saying that, locally, all these local authorities are assessing these things? Is there some sort of central accumulation of that information?

[23] **Jane Hutt:** Local authorities have been aware of the fact that this draft budget for them was going to be very difficult. We have paved the way. We have protected as much as we could over the past three years, but we paved the way for them to recognise that it was going to be a very tough budget with £1.5 billion out of our budget. So, I think that one of the things that has been useful is that the Ministers have been bringing together, for example, the cabinet members responsible for leisure services, and that is something that you might at some point wish to ask the Deputy Minister for Culture, Sport and Tourism. The former Minister did bring them together with the WLGA, to look at ways in which authorities are managing these pressures and these changes. Of course, there are now a whole range of examples across Wales of how local authorities have sought to protect leisure services: some are now being run by social enterprises, some have gone out to the private sector, and I know that some authorities are looking at trust development. Last night, I saw one leisure centre where the local community wants to take a role in the running of it. This is something on which we want to support and work with local authorities on their non-statutory as well as their statutory responsibilities. It is crucial, in terms of equality of opportunity, access and preventative health. GP referral for exercise is hugely important, as well as cardiac rehab. So, all of these things have strategic importance nationally, as well as locally. We have to encourage and enable them to share practice and challenges, and involve the public in how they move forward.

09:15

[24] **Christine Chapman:** May I just ask this? Obviously, we know that these budgets are not ring-fenced for certain things. If local authorities do not do it, what happens then? How little can they get away with, in terms of not providing services, if they are not statutory?

[25] **Jane Hutt:** Obviously, local authorities are responsible to their local electorates. This

is why engagement with the local electorate, the public, communities and their stakeholders is crucial.

[26] **Christine Chapman:** It is very difficult, obviously.

[27] Mark, do you have a supplementary question? I will bring Jocelyn back in afterwards.

[28] **Mark Isherwood:** If I may, yes. On facilities, we have seen innovation this week at Plas Madoc and Rhyl in different ways, in terms of saving or developing leisure facilities. Broadly, in terms of statutory responsibilities, given the cross-cutting nature of local government service provision, where each, to an extent, impacts on the others, should we not be trusting local democracy to determine how the budget in its entirety should be allocated, rather than local government being required to put money into an area that may have less pressure than another area, although the two impact on each other?

[29] **Jane Hutt:** I think that Lesley will come in on one specific aspect of that. However, I will just say, in response to the Chair's question, that it is up to local authorities to make their decisions around their budgets. However, it is also very important that there is a partnership approach between the Welsh Government and local government, and that we play our part in securing, for us, a priority, which is investment in education and schools. That is why it is very important that we can demonstrate to the public as a whole, nationally and locally, that we have expectations in terms of the programme for government of a Government that has been elected by the people of Wales.

[30] **Lesley Griffiths:** I would just like to say that, obviously, as the former Minister for local government, during the 18 months that I had that portfolio, one of the things that local government was telling me that it wanted was specific grants to, as much as possible, be de-hypothecated, so that it could make the decisions. I know that, within my portfolio, I de-hypothecated £33 million of specific grants, I think. However, as Jane was saying, it is really important that Ministers are reassured that their priorities are still going to be delivered. However, I think that you are right: as much as possible, it is for local authorities, because they are elected by their local people and they know their local needs, to decide how that funding is spent.

[31] **Christine Chapman:** Thank you. Jocelyn is next.

[32] **Jocelyn Davies:** I wonder whether I could ask about Supporting People, if that is okay, Chair. It is well acknowledged that Supporting People is a preventative spend budget. For every £1 you spend there, you will save £3 elsewhere. So, cutting that budget does not seem to be the wisest thing. It also, of course, protects the most vulnerable people. I am sure that we have all, in our areas, seen excellent projects run via the Supporting People programme. So, what is your rationale for cutting that budget at all?

[33] **Lesley Griffiths:** My predecessor and I looked at this. As you said, that and Communities First are probably the two big preventative spend programmes within the portfolio. You are quite right: Supporting People benefits some of the most vulnerable people in our communities. My predecessors protected the budget in previous years, and I think the action that they have taken over previous years has cushioned the impact of the reduction for next year. I recognise, of course, that it remains very challenging. I think there is a lot more work to be done with local authorities. We have the Supporting People national advisory board, which has been working with regional collaborative committees, local authorities and support providers. There is a great deal more work that needs to be done. At this early stage in this portfolio, I have not met with them, but I want to know much more about this because it is really important that perhaps further EIAs are undertaken now, with this reduction in the budget.

[34] **Jocelyn Davies:** Of course, the budget would have been cut last year but for the deal with us and the Liberal Democrats, which prevented the cut. So, I think it is a bit disingenuous to say that your predecessor protected the budget. ‘We prevented your predecessor from cutting the budget’ would be more accurate.

[35] You mentioned the Communities First—. In relation to the work that has been done, are you suggesting that perhaps there are efficiency savings in this budget so that front-line services will not be affected and those vulnerable people who rely on this to prevent them going into homelessness will not be affected? Have you done an assessment to that effect?

[36] **Lesley Griffiths:** If I can just say, you are quite right; it was the £5.5 million that came from the budget agreement last year. Next year, the £5 million is coming from central reserves, but you were quite right to say about that. Do you want to answer about the assessment, Amelia?

[37] **Ms John:** In terms of the Supporting People national advisory board, I know that it has been working with the regional collaborative committees and local authorities to try to ensure the most effective use of resources and having discussions about exactly that: trying to protect those front-line services.

[38] **Jocelyn Davies:** So, you do not know yet, but it is possible that savings can be found that will not affect the delivery of services to individuals. Is that right?

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

[40] **Jocelyn Davies:** Right. Okay. In relation to Communities First, you mentioned that that is the other big budget in relation to preventative spend and it is your flagship anti-poverty programme. Have you been able to do any assessments of the impact of the cut to that budget?

[41] **Lesley Griffiths:** I have not done any assessments. I think there have been assessments done prior to my coming into portfolio. What I have looked at over the past couple of weeks is that, clearly, over the years, there has been an underspend and I think, because it is a revenue programme, the underspend has mainly come from staff vacancies and I do not think that you can ever have 100%. I have told officials that the priority has to be to maximise that funding, but I think we can move funding around, so I am hopeful that there will not be a huge impact.

[42] **Jocelyn Davies:** Given the size of the cut and underspends in the past due to vacancies, you feel that maybe the cut to this budget can be accommodated within there.

[43] **Lesley Griffiths:** Absolutely, for the reason that I have just described. However, if money has to be moved around, in a way—because I do want to see 100% spend in that programme.

[44] **Jocelyn Davies:** So, in fact, what you are saying is that specific work has been done to manage the cut to that budget.

[45] **Lesley Griffiths:** Yes, it has.

[46] **Jocelyn Davies:** Okay, thank you.

[47] **Christine Chapman:** Mike, you have a supplementary question.



[48] **Mike Hedges:** Very briefly, was the underspend not caused by the start of the new clusters and the time that it took to employ people? How will that not have an effect on next year's expenditure?

[49] **Lesley Griffiths:** Well, I have only looked at this over the past week but that certainly did not seem to be the case. I think, because it is a revenue budget, you will always have staff vacancies, for instance. So, I do not think that that is the main issue.

[50] **Mike Hedges:** You do not think that the recruitment for clusters had any effect on the expenditure profile last year.

[51] **Lesley Griffiths:** No.

[52] **Christine Chapman:** Gwyn, I think you had a question.

[53] **Gwyn R. Price:** Yes. Good morning. Could the reduction of £34 million in post-16 education reduce the ability for those out of work to retrain? Does this conflict with the Welsh Government's tackling poverty and skills programme?

[54] **Jane Hutt:** Thank you, Gwyn; I will answer that question. It is very important that this Welsh Government does recognise, and I state it again, the important contribution of post-16 education in terms of tackling poverty—raising the skills level of the Welsh workforce is key to our ambitions to tackle poverty—and the fact that we need to focus that in terms of reducing budgets. There are very difficult decisions to make. However, I know that Members will be aware that the draft budget for next year does support apprenticeships that prioritise traineeships, work-ready apprenticeships for 16 to 24-year-olds, and all-age higher apprenticeships, because that is where the evidence is that we should target our reducing resources.

[55] I have to say that, as a result of our budget agreement with the Welsh Liberal Democrats, of course, we have been able to mitigate the cuts that we were anticipating in terms of this budget line. That does mean that, with the £10 million over two years, we reduce the impact of the cuts, which will allow us to have another 2,500 new starts over the period. So, it comes back to the difficult decisions that we have had to make in terms of reducing budgets and then looking at how we should prioritise our spend. Clearly, this is very important in terms of tackling poverty. However, we also have some new opportunities coming forward. The skills priority programme in further education will be for part-time learners who are employed. We are also looking at how we can use the European social fund. As that programme will, hopefully, shortly be approved—the UK programme and then our programmes—we will be able to come back to account for how we are going to maximise the ESF to help this particular strand of learning. It is crucial, as you say, to tackling poverty.

[56] **Gwyn R. Price:** Yes. The reduction, really, would have an impact on disabled people, as they are more likely to be out of work. So, I am concerned about that, Minister.

[57] **Jane Hutt:** I think that this does go back to the importance of the strategic integrated impact assessment that we presented alongside the budget. We have to, and all Ministers have to, account for reductions in their budgets in terms of what that would mean, and clearly identify it in the strategic integrated impact assessment. So, we do recognise that, particularly in terms of those with protected characteristics and the impact on disabled people. We have had to look at this very carefully. However, I think that it is very important that we are supporting provision through our Work Ready programme. It might be helpful if we could account for—and I am sure that the Minister and I can work together on this—the impact again on disabled people and what the take-up is for the Work Ready programme, because that is something that we have sought to protect and maintain.

[58] **Gwyn R. Price:** My next question has been covered by the comments on apprenticeships investment, Chair.

[59] **Christine Chapman:** Fine. Mark, did you have any questions, moving on?

[60] **Mark Isherwood:** Right. Yes. What actions, specifically, have you taken to improve the budget impact assessment process this year and what further work, if any, do you feel needs to be done to improve that process?

[61] **Jane Hutt:** This is something that we have been developing over the years in terms of the impact assessment process. We published, of course, the strategic integrated impact assessment alongside the draft budget. I think, really, it is about making sure—and we have done this since 2010—that we do have a comprehensive impact assessment of all our spending plans. In fact, we were the first administration in the UK to do this. This is something that I know that the Minister, Lesley, will also want to comment on. However, what we have done, in the past couple of years, since 2012, is to set up a budget advisory group for equality—the BAGE group, as it is called—bringing in all of the kind of equality stakeholders, and also stakeholders from organisations such as Disability Wales, the race equality forums, Stonewall, and Age Cymru, as well as the Equality and Human Rights Commission and an academic economist to try to help us to improve the impact assessment process. It has been very valuable. They have said to us—and I sense that some Members would have agreed with them—that, last year, the strategic equality impact assessment was far too long. It is much more streamlined this year. They had had an appreciative inquiry in terms of our equality impact assessment process, which I know that this committee will be aware of. I think that one of the things that we need to do is to look more at the socioeconomically disadvantaged children's rights dimensions. We have looked to improve that, as well as the Welsh language and sustainable development. That is adding to the focus on equality. This is very much in line also with the Finance Committee's view that we should have a more integrated approach to equality impact assessments and bring together all of the dimensions that we are looking to consider and assess across the Government.

09:30

[62] **Mark Isherwood:** I have a supplementary question, if I may. In terms of budget impact assessments in their entirety, what, if any, cost-benefit impacts are considered? Supporting People was mentioned earlier, for example. What consideration has been given to the increased costs that may be generated in other devolved services, such as health and social services, community safety and others, proportionate to those cuts, where you know that figures suggest that Supporting People is an invest-to-save process that levers in additional resource and saves other statutory service providers significant sums of money?

[63] **Jane Hutt:** Yes. The work in terms of preparing the draft budget has had to take into account these issues. It goes on to any discussions about looking at the investment in preventative services and early intervention, which are key themes of the draft budget. We have had to reduce our budget. We are faced with a £1.5 billion cut in our budget, but we are also faced with increasing pressures. There is also independent advice from the Nuffield Foundation about our health service and how we need to make sure that we can invest to sustain it. It means that the cost benefits are crucial. The only example that I would want to give is that, as a result of the integrated impact assessment, bringing in some funding to the revenue support grant for social services was a key decision, because we recognised that we were investing in the health service but that if we did not also try to protect social services, it would have an adverse impact in terms of health and social care and the transfer of care from hospitals into care settings.

[64] **Mark Isherwood:** Are you confident that the £5.8 million cut in Supporting People will not generate costs above £5.8 million in other devolved budgets?

[65] **Jane Hutt:** I think that the Minister has responded to that in terms of looking at the impacts and working with the national advisory committee and regional committees. I am sure that we will be able to report on that in terms of our investment and how we have seen that. It is important that we recognise that, this year, we have mitigated the effects of the cut as a result of a budget agreement with Plaid Cymru for this year—for Supporting People—and with the Welsh Liberal Democrats. We can assess the impact of us mitigating the effects of that cut.

[66] **Mark Isherwood:** You said that you can report; when can we expect that you will be able to report on that?

[67] **Jane Hutt:** Well, I think, in due course.

[68] **Christine Chapman:** Did you have a supplementary question, Alun, before I bring in Rhodri Glyn?

[69] **Alun Davies:** I love these timescales: 'in due course'.

[70] **Jane Hutt:** I am afraid that we have not even got to the point that this is a draft budget for scrutiny and we are talking about 2015-16. [*Laughter.*]

[71] **Alun Davies:** Fair enough. In terms of the budgetary advisory group for equality, I have not heard of this group before, so I am interested in the role that it plays. Your answer to the earlier question seemed to indicate that it plays a technical role rather than a role that is more in tune with actually looking at the impacts of budget reductions, for argument's sake. Is that the case? Is it a technical group or—

[72] **Jane Hutt:** No. It is interesting that we developed this group two years ago. It is a group that is chaired jointly by the Minister for finance and the Minister for Communities and Tackling Poverty. We modelled it very much on a similar group set up in Scotland, and, of course, I met the Finance Committee in Scotland to look at, and learn from, the way that it has engaged with equality organisations. Obviously, we have a number of stakeholders in terms of engagement for our draft budget. However, the budget advisory group for equality has, obviously, sought to guide us—it is not a technical group, but it has had to think through its role. It is going to discuss the draft budget in October, and we will be jointly chairing that meeting. It has sought to guide us in terms of how we should take on board the equality impact assessment. It has been very useful in terms of the ways in which we have developed our strategic integrated equality assessment. I have often thought that it might be a group that this committee might need to meet. There are quite a few members, but the group has an important external independent role.

[73] I think that it has had a significant influence already. It has sought to look at various areas of policy. So, for example, it has had a session looking at our capital spend—our Wales infrastructure investment plan—to see what the equality impact of our spend is there and whether it could guide us on that, because that, in terms of capital spend, is very important in terms of equality impact, but we do not always, perhaps, recognise that. It has also looked at the Well-being of Future Generations (Wales) Bill, again to give us advice and guidance on that. It is particularly concerned about the protected groups and, of course, the protected groups in terms of characteristics are all represented at BAGE.

[74] **Alun Davies:** So, what it does, then, is provide a commentary or analysis of the different spend in areas within Government and provide the Government with an assessment

of that spend.

[75] **Jane Hutt:** That is certainly what it is seeking to do. It has met with officials on a regular basis over the last two years. It meets without us as well, so that it paves the way to have an influence.

[76] **Alun Davies:** Are those minutes available?

[77] **Jane Hutt:** Yes, absolutely; I am very happy to share them with you.

[78] **Christine Chapman:** May we have a look at those?

[79] Just to remind Members, we have fewer than 10 minutes left before another Minister comes in. Rhodri is next.

[80] **Rhodri Glyn Thomas:** Rwyf wedi bod yn gwranddo, Weinidog, yn astud iawn ar eich ymateb i gwestiynau Alun Davies. Rhaid i mi gyfaddef ei bod yn fy synnu braidd fod rhywun a oedd yn Weinidog yn y Llywodraeth ychydig fisoedd yn ôl ddim yn ymwybodol o'r grŵp hwn. Mae hynny'n codi cwestiynau ynglŷn â'r berthynas rhwng y grŵp hwn a Gweinidogion, a phenderfyniadau Gweinidogion ynglŷn â'u cyllidebau. Yr hyn rydych yn dweud wrthyf yw ei fod yn cwrdd cyn i'r gyllideb ddrafft gael ei chyhoeddi ond nad yw'n trafod y gyllideb ddrafft yn ei hanfod tan ar ôl iddi gael ei chyhoeddi, felly nid oes modd iddo gael dylanwad uniongyrchol ar benderfyniadau. Mae'n ystyried effeithiau'r gyllideb ddrafft ar ôl iddi gael ei chyhoeddi.

**Rhodri Glyn Thomas:** I have been listening, Minister, very carefully to your response to Alun Davies's questions. I have to admit that it surprises me somewhat that someone who was a Minister in the Government a few months ago was not aware of this group. This raises questions about the relationship between this group and Ministers, and the decisions of Ministers about their budgets. What you are telling me is that it meets before the draft budget is published, but that it does not discuss the draft budget in essence until after it is published, so there is no way for it to have a direct influence on decisions. It considers the impact of the draft budget after it is published.

[81] **Jane Hutt:** I am sure that you would agree, as an Assembly Member, that we do not share the draft budget with anyone until we get to the point when I bring it forward to the Assembly. However, clearly, the influence and input of the discussions and guidance of BAGE are very important in leading up to the draft budget, and, of course, all Ministers have to take on board the strategic equality integrated assessment. You will see that every Minister has a chapter in that assessment, and BAGE, of course, is mentioned upfront in that assessment, which is published with the draft budget.

[82] **Rhodri Glyn Thomas:** A ydych yn gallu fy nghyfeirio, felly, at unrhyw benderfyniad a gymerwyd gan unrhyw Weinidog ynglŷn â'i gyllideb, neu ei chyllideb, lle gwnaeth y Gweinidog newid ei feddwl, neu ei meddwl, o ganlyniad i ddylanwad y grŵp hwn?

**Rhodri Glyn Thomas:** Could you, therefore, refer me to any decision that was taken by any Minister about his or her budget where the Minister changed his or her mind as a result of the influence of this group?

[83] **Jane Hutt:** I think that you need to look—I am sure that you have, Rhodri Glyn—at the strategic integrated impact assessment and at the narrative for each Minister having to account for not only the reductions but the impact of those reductions. It is out there, open and transparent, for you to scrutinise and recognise the difficult decisions that we have had to make in terms of a reduced budget. Clearly, we have taken BAGE into account, and I have

talked about my budget tour, all of the evidence that has come to us and all of the cost-benefit and preventative issues that Mark Isherwood referred to. Out of that comes the draft budget. As I said, we are meeting with BAGE in the next couple of weeks, and it will be very interesting to hear its views. I am very happy to share, as I am sure Lesley will be, too, the minutes of that meeting.

[84] **Rhodri Glyn Thomas:** Rwy'n deall y broses lle mae'r grŵp yn mynegi barn ar benderfyniadau sydd eisoes wedi'u cymryd. Yr hyn roeddwn yn gofyn amdani oedd enghraifft benodol o unrhyw benderfyniad gan unrhyw Weinidog a gafodd ei newid neu ei ddylanwadu'n uniongyrchol gan y grŵp hwn.

**Rhodri Glyn Thomas:** I understand that process of the group giving an opinion on decisions that have already been taken. What I was asking for was a specific example of any decision by any Minister that was changed or directly influenced by this group.

[85] **Jane Hutt:** I cannot account for that, really, in terms of individual ministerial decisions. The strategic guidance that it gives us, particularly in terms of the protected characteristics, is what is important about the BAGE group. As you have taken an interest in it, and we are going to share the minutes with you, maybe it is something that you could pick up on as a committee.

[86] **Christine Chapman:** Yes, we could have a look at that, I think.

[87] **Rhodri Glyn Thomas:** Gwnaethoch gyfeirio hefyd, Weinidog, at ddylanwad y grŵp hwn o ran Biliau. Un o'r ardaloedd y mae'r grŵp i fod i'w hamddiffyn yw'r iaith Gymraeg. Pa ystyriaeth a roddodd y grŵp hwn i Fil Cynllunio (Cymru), a pha sylwadau a gafwyd ganddo ynglyn â'r penderfyniad i beidio â chynnwys y Gymraeg o fewn Bil Cynllunio (Cymru)?

**Rhodri Glyn Thomas:** You also referred, Minister, to the influence of this group on Bills. One of the areas that it is supposed to safeguard is the Welsh language. What consideration did this group give to the Planning (Wales) Bill, and what comments did it make on the decision not to include the Welsh language in the Planning (Wales) Bill?

[88] **Jane Hutt:** I think that we need to be careful about the role of BAGE, which is to guide us in terms of our budget preparation. It is an advisory group, so we are going to be guided by it. We will not necessarily be steered by it, but we will certainly be guided by it. The point about the Welsh language, in terms of our commitment within the strategic integrated impact assessment, is crucial, but that is a decision that we have had to make as Ministers.

[89] **Rhodri Glyn Thomas:** BAGE seems a very appropriate title for it, does it not?

[90] **Jane Hutt:** In terms of the Welsh language, quite clearly it is represented. Amelia, perhaps you would like to say something.

[91] **Ms John:** The remit of the group is to look specifically at the Equality Act 2010 protected characteristics. Obviously, language comes in as part of protected characteristics around people's ethnic identity et cetera. The Welsh language unit and Welsh language leads within Welsh Government see the Welsh language as a separate issue in terms of Welsh language rights. BAGE does not, therefore, cover the Welsh language specifically—it covers protected characteristics within the Equality Act 2010, and also poverty and socioeconomic disadvantage.

[92] **Rhodri Glyn Thomas:** However, BAGE covers the integrated impact assessments, and one of the areas in terms of the assessments is the Welsh language.

[93] **Ms John:** It certainly looks at the strategic impact assessments, and it will look at that again on 23 October. In terms of how that impacts on next year, the group's considerations and discussions around this year's budget inform next year's budget, so there is an iterative process to this, as there will be with all equality impact assessments—they are made on major policy decisions throughout the year; it is iterative. Ministers are then informed by those assessments in all of their major portfolio areas.

[94] **Christine Chapman:** We have a couple of minutes left before we have the next Minister in, but I know that Peter has a supplementary.

[95] **Peter Black:** What puzzles me, Minister, is how independent the budget advisory group for equality actually is. It says in the introduction that it is led by two Government Ministers, it has Welsh Government representatives and, when you actually read through the document, there is no critical word in here about the budget, even though it identifies that there are impacts. It is more about the mitigation of those impacts rather than criticising or suggesting that something should be changed as a result of that. So, how independent is this group?

[96] **Jane Hutt:** It is a budget advisory group. It was very much set up, as I said, based on learning from the way that Scotland introduced such a group. It is our responsibility, as Government, in terms of impact assessments; it is not the group's responsibility. However, it is a very useful source of guidance. We obviously need to give the committee more evidence of what its role and impact are. It is something that we value, and the group certainly values it as a direct way to engage with Government. It is not just about how we can approach our draft budget—it is also about learning from the group about the needs of the protected groups that it represents. So, the group has a strong voice around the room in terms of that, and it is important that the group voices its issues and concerns on behalf of the people that it represents.

[97] **Peter Black:** Yet there is very little real evidence in the document that this is going to have a particular impact on a protected group; it is very much a commentary on the budget, as opposed to saying 'This protected group is going to be adversely impacted by, for example, the cut in the Supporting People grant' which, compared with the supplementary budget, is £10 million, as near as damn it. All that the document says is 'to address the impacts, we will work with local authorities'. I would expect that from a Minister, not from an independent group.

09:45

[98] **Jane Hutt:** As far as BAGE is concerned, I think that this committee needs to have some more information about it. It is a valuable committee. It is certainly not taking away the tough decisions that we have to make as Government Ministers, in terms of the draft budget with a cut of £1.5 billion from the UK Government—

[99] **Peter Black:** In real terms. You have had a cash increase. The cuts are in real terms.

[100] **Jane Hutt:** In real terms. Also, I would just recognise that the strategic quality impact assessment is the Ministers' responsibility, not the BAGE group's responsibility, and I do not think that it would want to be there to account for it or be responsible for it. It is there to influence and guide us.

[101] **Peter Black:** So, it gets to see the draft budget once it has been published, and it will provide a commentary on the draft budget to you. It is the—

[102] **Jane Hutt:** Well, we are meeting it shortly.

[103] **Peter Black:** Okay. You will be meeting the group after the draft budget. Will there be any changes to the final budget as a result of the group's input?

[104] **Jane Hutt:** I think that we must look at the whole scrutiny process, in terms of all of the next few weeks and all committee input into this. Obviously, there are meetings being held with stakeholders, and this is an advisory group to the Welsh Government. All of the responses will be taken into account as we move to draft and final budget.

[105] **Peter Black:** So, if it highlights a particular concern, is it likely that it will influence a change in the final budget?

[106] **Jane Hutt:** Well, I think that, you know, its response to the draft budget will be very informative and very helpful. We have to make the decisions, basically. We have to take responsibility—

[107] **Christine Chapman:** Minister, potentially, it could. What you are saying is that, potentially, it could. Obviously, it is in the mix with Members, et cetera, but, potentially, this group could have an impact on a change of decision. Is that what you are saying?

[108] **Jane Hutt:** I just think that we need to be careful about what its role and remit is, or we will be asking things of it that I do not think it will be expecting to do. It is very important that it is given the opportunity to comment on our draft budget. Then, of course, among all of the committee responses and, indeed, those from other stakeholders, including the third sector and business, we will have to take this into account for our draft budget.

[109] **Peter Black:** So, you are saying that its role is to comment but not to influence.

[110] **Jane Hutt:** It is to guide us. I hope that it is going to influence us in terms of getting our draft budget in the right place in terms of the equality impact assessments.

[111] **Christine Chapman:** I am going to take two more Members, and then we are going to have to close this session. Mike is first, and then Alun. Can you make it very brief?

[112] **Mike Hedges:** Mine is very brief. Can the Minister give an example of any issue that was raised with her on her budget tour that affected budget allocations?

[113] **Jane Hutt:** I think that, earlier on, Lesley Griffiths mentioned the importance of advice services. That has meant that there are certain areas where we try to protect not only our budgets, in terms of tackling poverty advice services, which are crucial to this, and the evidence is quite clear about that. So, that is one example where there has been an influence as a result of our discussions in the budget tour.

[114] **Christine Chapman:** Thank you. Alun, do you have a question?

[115] **Alun Davies:** I am fine, thank you.

[116] **Christine Chapman:** Right. We are going to end this part of the meeting now. I thank both Ministers and their officials for attending. We will send you a transcript of the meeting for you to check for factual accuracy.

09:51

**Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2015-2016—Sesiwn  
Dystiolaeth gan y Gweinidog Gwasanaethau Cyhoeddus  
Scrutiny of Welsh Government 2015-2016 Draft Budget—Evidence from the  
Minister for Public Services**

[117] **Christine Chapman:** I now welcome Leighton Andrews, Minister for Public Services, Reg Kilpatrick, director, local government, and Debra Carter, deputy director, local government finance and performance. I welcome you all. This is a session scrutinising the draft budget, so we will be looking at your portfolio, Minister. We have received the evidence that you have sent us, so I am going to start with questions. I know that Members have quite a number of questions to put to you.

[118] I will start off. In the paper that you sent, you talked about how the funding reductions for local government are ‘unavoidable’, and we know that these are difficult times, obviously. However, bearing in mind that all budget decisions are a matter of choice, priority and discussions—we know that health had an uplift, for example—could you expand on that comment that you made about them being ‘unavoidable’ in your portfolio?

[119] **The Minister for Public Services (Leighton Andrews):** I think that they are unavoidable overall, in that the Welsh Government has received a cut in its support from the UK Government of around £1.5 billion or more, and that has consequences for us and how we plan ahead. We have protected local government pretty well during the period of the comprehensive spending review. Local government has certainly been better protected in Wales than in England and, over the lifetime of devolution, local government has had real-terms increases from the Welsh Government.

[120] **Jocelyn Davies:** I think that there has been a priority for local government, because this Assembly—I am sure that you would agree—has acknowledged that it provides services that people want. So, that protection of funding that it has enjoyed post-devolution has been for a very good reason: it has been for the public.

[121] **Leighton Andrews:** I agree.

[122] **Jocelyn Davies:** I think that you would also agree that the public will be affected by the cuts that are coming.

[123] **Leighton Andrews:** I think that the public is already being affected by cuts that have been implemented at a local level in previous years.

[124] **Christine Chapman:** Alun, did you have some questions?

[125] **Alun Davies:** I think that there is a very real sense, and the Welsh Local Government Association, I think, has summed this up, in terms of the relationship on the delivery of public services, that the two major spending areas of local government and health have seen, in this budget, a fundamental reprioritisation, with health being prioritised over local government. I think that the WLGA described it as local government playing second fiddle to health. Do you think that this is a situation that will lead to a fundamental weakening of local government and the ability of local government to deliver core services upon which the health service itself, of course, relies?

[126] **Leighton Andrews:** I do not think that I would share the language that has been used by some of the leaders of local government in what they have said in the last 24 hours, no. Very clearly, in what we have done in this budget, we have been able to put in additional money to support, for example, the commitment for further investment in schools—the 1%



above the block grant that we get from the UK Government—and we have put in additional money for social services. So, I think that there is genuine recognition there of those two very important statutory areas of local government spend.

[127] I think that we, as I said in my opening answer, have done very well in the way that we have protected local government during the first period of the comprehensive spending review period. In cash terms, local government budgets in Wales have gone up by 3% and in England they have gone down by 7%. So, I would say that we have maintained our priority in support for local government, but everybody recognises that these are very difficult times.

[128] **Alun Davies:** I was reading overnight that Conservative MP Guto Bebb said that this is a budget for south Wales and against north Wales. How would you respond to those criticisms?

[129] **Leighton Andrews:** I think that that is a ridiculous summary of the position. We know that the way in which the resources are allocated through the settlement is worked out on a formula that is commonly agreed by local authorities through the distribution sub-group. They have had input into this the whole way through, and I do not accept that for one moment.

[130] **Christine Chapman:** Janet, you had a supplementary question.

[131] **Janet Finch-Saunders:** Over the years, I have had concerns about the formula, and I have raised those. Am I right in thinking that council leaders themselves are involved in that?

[132] **Leighton Andrews:** You are right that the formula is calculated through a group called the distribution sub-group. I had a meeting with local authority leaders last week, at which one or two of them raised questions about the formula. I put to them the proposition that there was not a single local authority leader in Wales who believed that the formula fairly represented all of the concerns that they had at the local level, and they accepted that proposition from me.

[133] **Christine Chapman:** Peter, did you have some questions?

[134] **Peter Black:** Yes. In terms of the impact on local government, the programme for government talks about providing local authorities with a settlement that protects vital services. I think that we all accept the difficult situation that you are in, Minister. Do you think that this budget is capable of protecting those vital services, as is indicated in the programme for government?

[135] **Leighton Andrews:** I certainly think that we can fulfil our programme for government commitments in respect of the additional investment that we have put in—£10 million for social services, which reflects demographic trends; £14 million that we have put in as protection for schools for the 1%. Clearly, there is, through the agreement that we reached on the budget with your party, the money for the pupil deprivation grant and so on. I think that we have focused on the core services and we have given what protection we can.

[136] **Peter Black:** So, when you talk about protecting vital services in the programme for government, you are actually referring to the Welsh Government's priorities in terms of vital services.

[137] **Leighton Andrews:** The Welsh Government was elected on a manifesto. There were clear commitments in our manifesto, and one of those was the 1% protection for schools—the rising uplift against what we receive from the block grant. It is inevitable, I think, that the Government itself will have priorities. The Government in England has priorities that it

negotiates with local government. We set out our priorities and we hope that local government will respond in the settlement that we have given it. However, as you know, we do not hypothecate the revenue support grant.

[138] **Peter Black:** In terms of the Welsh Government's budget, the very high-profile group, BAGE, which we have just been talking about—

[139] **Leighton Andrews:** I am sorry, but I could not hear that.

[140] **Peter Black:** The budget advisory group, BAGE, as Jane Hutt referred to it, has produced an assessment of the Welsh Government's budget, but of course, it does not carry out an assessment of the impact of the local government settlement on local councils themselves. A paragraph in the equality assessment says that it is up to local authorities to undertake their own equality impact assessment in terms of their budgets. Do you monitor those equality impact assessments and do you give any feedback on them to local councils when they come through?

[141] **Leighton Andrews:** We have the annual monitoring of the spend, which enables us to assess whether local government has met the expectations that we have had in a number of fields, for example, in respect of education or in respect of social services. I think that it is for local government to make any equality impact assessments of its own plans. I do not think that it is for us to second-guess that—that is an assessment that authorities can make that can then be judged by their local populations.

[142] **Peter Black:** Do you require them to make that assessment? If a local council did not make that assessment, would you take it up with it?

[143] **Leighton Andrews:** They have an obligation to make such assessments and we would expect them to do so. If I were alerted to the fact that an authority had not made such an assessment, I might well be minded to write to it.

10:00

[144] **Jocelyn Davies:** Certainly, the local authorities in my own area have made it very clear what will be affected—road maintenance, waste collection, libraries and leisure centres; things that people will be directly affected by. I know that you said that you would not align yourself with the language used in public by local authority leaders, but sometimes, in private meetings, the language is even a bit stronger than what they say in public. I know that you were concerned about short-term decisions that might be made, especially in those unprotected budgets. They tell us that there could be a considerable number of redundancies. Do you have any idea about the level of redundancies that might go on in local government because of the reduction in the budget?

[145] **Leighton Andrews:** No.

[146] **Jocelyn Davies:** Do you know if local authorities have carried out assessments?

[147] **Leighton Andrews:** Not at this stage. At this stage, we have just announced the settlement. There is a six-week consultation on the settlement, which is a provisional settlement, not the final settlement. Authorities have not yet gone through the budget-making process locally. They need to weigh up all of the sources of revenue that they have open to them. They need to take a view across all of their services. They need to reach calculations on issues such as council tax. At that stage, we will have a clearer view as to what may ensue.

[148] **Jocelyn Davies:** I do not think that they were completely unaware that there may

very well have been reductions this year.

[149] **Leighton Andrews:** I think that they were well aware.

[150] **Jocelyn Davies:** They were well aware. So, it could very well be that some work is carrying on. I think that you would agree that we can probably expect redundancies in local government jobs right across Wales, and that some services that people have been receiving or enjoying up until now might very well go. Has there been any assessment, centrally, of the likely groups that might be affected by reductions to the unprotected areas?

[151] **Leighton Andrews:** This is going to vary, authority by authority, to a degree, is it not? There are going to be certain kinds of services that will be more likely to be affected. Those would include, I would suspect, libraries and leisure facilities. Certainly, that is what a lot of the speculation is focused on. You have made reference to some other areas in your own region as well. Clearly, the nature of the cuts is going to have an impact that will need to be assessed locally. That is why we would expect local authorities to carry out equalities impact assessments.

[152] **Christine Chapman:** Mike, you have a supplementary.

[153] **Mike Hedges:** This is a simple question. Why do you think that the pressure on social services is less than that on health?

[154] **Leighton Andrews:** I am not sure that I have said that it is less than that on health.

[155] **Mike Hedges:** You might not have said it, but your budget has. The £10 million addition to social services is substantially less than the addition to health. Social services will be in the mix with other parts of the local government budget. The budget is set to give extra money to health at the expense of local government. That is a policy decision of the Welsh Government. I am just wondering why you think social services are not under the same pressure as—or more pressure than—health.

[156] **Leighton Andrews:** I am not saying that social services are under more or less pressure than health. I would possibly say that it might be under different pressures. Clearly, the social services area will include a number of different policy responsibilities, ranging from children's services, right the way through to services for elderly people. So, I am not going to get into a kind of comparative game of whether social services are facing worse or better pressures than health.

[157] **Christine Chapman:** Mark, did you have a question?

[158] **Mark Isherwood:** Yes, thank you. Minister, you are no doubt aware that the Welsh Local Government Association has said that there remains a lack of strategic approach to the Welsh Government's preventative policies, that is, intervention to prevent further problems in community safety, domestic abuse, youth justice, fire and rescue services and so on. It is right, is it not?

[159] **Leighton Andrews:** No.

[160] **Mark Isherwood:** Why not?

[161] **Leighton Andrews:** We have set down, in a number of ways, the areas that we expect local government to address. You have heard, just this week, the Minister for health engaging in his explanations of plans around public health, for example. Within our own budget, we have made provision for certain preventative services. We have managed to

increase the budget, for example, on violence against women. We have managed to maintain budgets in the area of youth justice. We have had some difficult choices to make in terms of fire and rescue. However, the reality of this, within a budget that is under severe pressure, is that we have managed to maintain many of those preventative services.

[162] **Mark Isherwood:** I understand that it has cited, as an example, leisure services and library spending—leisure reduced by 27% in real terms over the last six years, and library spending reduced by 19% in real terms. Again, it is arguing that that is ignoring the preventative approach because of the impact of this on health and wellbeing, and therefore budgets in health, social services and so on. What cost-benefit analysis, if any, has been undertaken to assess whether the cuts in some areas will actually lead to lower or higher costs being imposed on other statutory services?

[163] **Leighton Andrews:** Let me start by taking up what you have just said. It is certainly the case that spending in certain areas, such as libraries and leisure services, has reduced. You have given figures there from the WLGA, but that is not the same as saying that there is not a strategic approach to preventative services. We have made clear and difficult decisions. Sometimes, the nature of the strategic decisions that you take are shaped by the resources available to you.

[164] **Mark Isherwood:** So, can you say with confidence whether, because the budget that you have had to work with reduced in a certain area, you have assessed whether that will lead to a greater cost elsewhere or not?

[165] **Leighton Andrews:** These are decisions to be made by local authorities.

[166] **Mark Isherwood:** Even if it is a greater cost in another Welsh Government devolved responsibility area.

[167] **Leighton Andrews:** In terms of the immediate services under question, these are judgments for local authorities to make. If you want to take me into a further area of debate and ask whether, currently, local government services are as well aligned as they might be with other public services, that is a different discussion and one that I would have very strong views about.

[168] **Christine Chapman:** I am going to bring in Gwyn, and then Alun.

[169] **Gwyn R. Price:** Following on from Mark's questions, given the WLGA's comments on the difficulties of investing in preventative measures, how does the Minister intend to incentivise the local authorities to invest in areas where financial benefits are returned back to other parts of the public sector?

[170] **Leighton Andrews:** I think that we need to engage with local authorities in a very clear debate about joint provision in particular localities. To some extent, you will see that that is being shaped in the future generations Bill, for example, with the creation of the public service boards on a statutory basis, which I think will enable us to see better planning in the future. I do not think that there is a question, at this stage, of incentivisation. We use incentivisation from time to time; sometimes we use other levers in order to produce responses. There may be, for example, some call on occasions for fines. I think that, over time, we have had in place effective methods for encouraging collaboration at a local level between local authorities and other parts of the public sector, including the health boards. I know that this committee has looked at collaboration and the extent to which that has been successful in the past. We are at a point, really, where we are now engaged in a full-scale debate about the future of local government in Wales. I think that the alignment of local government services with central government services in Wales is a serious debate that we

need to develop further, and we will do that, I think, with the publication of the White Paper in the new year.

[171] **Alun Davies:** I was interested in your reply to one of the questions from Mark Isherwood, when you discussed the strategic management of resources available to local government. Like others, I attended the same meeting as Jocelyn last Friday. We have been looking at the potential impacts on public services, but what we have not discussed in much detail is the totality of resources available to local government at this time. One of those resources, of course, is reserves. Could you give us your assessment of the reserves available to local authorities in Wales?

[172] **Leighton Andrews:** The reserves are substantial. We are talking about roughly £1 billion across Wales. We know that in, I think that it is seven local authorities the identified reserves could amount to more than 20% of the annual turnover of those local authorities. I think that the question has to arise—. There are additional reserves available, of course, as well, in that schools have significant reserves, I think, approaching £67 million, if I remember rightly. I think that the question has to arise as to what reserves are for. Reserves, it seems to me, are there for a number of reasons. Sometimes, they are there for prudent forward planning, in the sense of budgeting for major capital investments that may develop. Sometimes they are there against the arrival of a rainy day. I think that the rainy day has been here now for a year or two, and I think that we have to ask, very straightforwardly, to what extent those reserves are being effectively used, and to what extent we can really expect local government to carry reserves such as it is carrying at a time like this.

[173] **Alun Davies:** Has the Welsh Government had conversations with local authorities about those reserves, and whether some local authorities perhaps have an embarrassment of riches when it comes to reserves?

[174] **Leighton Andrews:** Indeed, my predecessor wrote to local authorities about the reserves situation, I think I am right in saying, in the past. There has been a dialogue with them, both privately and publicly, I would say, over this period.

[175] **Alun Davies:** Would you like to characterise that dialogue for us?

[176] **Leighton Andrews:** Well, I would not want to make an observation other than to say that I think that local government has to look at all of the resources available to it. That includes the revenues from us, council tax receipts, its ability to borrow prudentially, and the judicious use of reserves. There may be another dialogue that I might want to open up with others in the public sector, including the auditor general, as to what is a sensible approach to the use of reserves in difficult times.

[177] **Christine Chapman:** Before I bring Peter in, the narrative coming from some local authority leaders is that they cannot touch some of their reserves. I just wonder whether there is consistency across Wales on the use of reserves. Are these messages getting out? Should there be a lot more clarity around this? I am confused, from what I have heard in the media, about reserves and how some authorities are justifying keeping a certain amount.

[178] **Leighton Andrews:** I think that it depends on what you mean by consistency, Chair. If you look at the reserves that are held by different local authorities, you will see that earmarked reserves are higher in some authorities than in others, and unearmarked reserves are the same. So, it appears to me that, looking at this on the surface and, let me say, only four weeks into post, I am not convinced that there is a consistent approach across Wales. However, I would also want to explore what advice has been given to local authorities in terms of the use of resources by others.

[179] **Peter Black:** For clarity, on the radio this morning, you said that seven authorities had reserves of 20%, or about 20%. Did that 20% include earmarked reserves?

[180] **Leighton Andrews:** I was talking about the totality of reserves.

[181] **Peter Black:** So, it includes earmarked reserves.

[182] **Leighton Andrews:** Yes.

[183] **Peter Black:** Okay. In terms of the use of those reserves, have you had any discussions with the various district auditors about that, because they do make requirements on local authorities in terms of the level of reserves that they have to hold?

[184] **Leighton Andrews:** I think that what I was suggesting was that maybe a more public dialogue should be held on the nature of reserves that local authorities have to hold.

[185] **Peter Black:** I have got that.

[186] **Jocelyn Davies:** It seems that public services are going to change radically. That is the situation that we are going to be in, and the context in which that happens is not going to improve any time soon that anybody can see. Are you prepared to lead that change?

[187] **Leighton Andrews:** Yes.

[188] **Jocelyn Davies:** Good.

[189] **Christine Chapman:** Janet, do you have some questions?

[190] **Janet Finch-Saunders:** De-hypothecation and hypothecation do not mean an awful lot to people out there. However, I am aware—

[191] **Alun Davies:** That is very patronising, saying things like that.

[192] **Janet Finch-Saunders:** No, it is not. This is the kind of speak that normal people would not understand, but it can impact greatly on the services that they receive.

[193] **Christine Chapman:** Janet, questions.

[194] **Janet Finch-Saunders:** So, what I am saying is that, over the years, it is fair to say that your department in particular has been very efficient this time in reviewing grants. When I have spoken with local authorities, it is all well and good, but when several grants are going in, you have administration costs on each side, and it is much better that the money is just sent directly. Clearly, however, you have to look at your outcomes and delivery, and we do not want to lose sight of that, but how will you be able to persuade other Ministers that that should be the case as well?

10:15

[195] **Leighton Andrews:** Well, I think that there has been a dialogue across Government about the whole issue of earmarked grants, as it were. I think that there has been change, and you see that reflected in the amendments that we have made. I think it is very difficult sometimes, though, to strike a balance between unhypothecated spend within the RSG and specific grants. I do genuinely believe that there are certain services that are provided because we are very clear about certain kinds of grants. I would say that Gypsy/Traveller education is one. When I was Minister for education, I wanted to keep that grant very specifically in order

to ensure that the work was carried on. I am not clear that that necessarily would have been carried on had we not kept that hypothecated grant.

[196] **Janet Finch-Saunders:** What about the criticism from the WLGA that 2015-16 is

[197] ‘the third year in a row that the published indicative settlement has been revised downwards in a way that makes sound financial planning untenable’?

[198] **Leighton Andrews:** It is wrong. It is the second.

[199] **Janet Finch-Saunders:** Okay.

[200] **Leighton Andrews:** Let me just elaborate on that. My predecessor said very plainly and loudly—at the WLGA conference, I think it was, in June and certainly in a letter subsequently—that it could expect a very difficult settlement and that it could have been of the order of 4.5% across the piece. In fact, we have come in at 3.4%. So, it has had warning. It has had an understanding of the difficulties that there were likely to be. Having said all that, I do not want to underestimate the challenges that local government genuinely faces in delivering on the settlement. These are very difficult times. I would love to be a Minister for local government presiding over real-terms increases to local government—of course I would, but I am not. The reality of life is that our budget has been cut by more than £1.5 billion by the UK Government and, as we all heard this week, the Prime Minister has said that he is not in favour of a fairer funding settlement for Wales.

[201] **Christine Chapman:** Peter, do you have—. Sorry, Janet. I will bring Peter in afterwards.

[202] **Janet Finch-Saunders:** Yes, okay. Well, if Peter’s question is on this one—

[203] **Peter Black:** Yes, it is on this. I was very heartened, actually, to see the number of direct grants massively reduced in the settlement, although there are still one or two fairly small direct grants. Given the administrative costs in terms of running those direct grants, are you looking to set a minimum threshold for grants to try to ensure that we have cost benefits?

[204] **Leighton Andrews:** I think that there is a difficulty here, Peter. It goes back to the example I gave from education—

[205] **Peter Black:** Yes, I understand that.

[206] **Leighton Andrews:** Some of these grants can be quite small, but, without them, targeted work would not happen. So, in general terms, clearly, we want to reduce the administrative costs associated with making grants. However, there may be good policy reasons in certain areas for retaining those grants.

[207] **Peter Black:** The one that really stood out—and I cannot remember the exact name for it—was something like the Ceredigion oil reserve grant. It was something like £76,000, which I thought was quite bizarre.

[208] **Leighton Andrews:** I am sure that they are very grateful for it.

[209] **Peter Black:** I am sure that they are very grateful for it, yes. [*Laughter.*] I wonder how much it costs to administer.

[210] **Christine Chapman:** Jocelyn has a supplementary question before we go back to Janet.

[211] **Jocelyn Davies:** I just want to make a point, really. I know that Wales has been singled out as having too many of these specific grants, but, Minister, it could very well be that there was a lack of legislative powers in the past that meant that, if you wanted a specific thing done, the only way a Minister could ensure that it happened was to provide a specific grant. Bearing in mind what you have just said, I hope that you would take the view that, especially at times like this where perhaps some projects might be politically unpopular locally, you could not deliver something without making a specific grant, even if it is a small one.

[212] **Leighton Andrews:** I think that you make the case very well.

[213] **Christine Chapman:** We will go back to Janet.

[214] **Janet Finch-Saunders:** What is your opinion on whether the review of funding flexibilities has influenced the way in which the draft budget has been allocated, and are there any plans to transfer further specific grants into the revenue support grant in future?

[215] **Leighton Andrews:** I think that we would, in general terms, as I said, like to reduce the number of specific grants, and we will continue to look at that.

[216] **Mike Hedges:** Looking at local government budgets, if you are looking to try to protect social services and education, as was said earlier, you have the levies and charges that cannot be changed. I would say that that comes to 70% of the net budget, but I would accept it if you say that it comes to two thirds. However, that means that any cuts will fall disproportionately on the other third of net expenditure.

[217] **Leighton Andrews:** Clearly, there are certain statutory functions that local government has to fulfil, and there are certain functions that it fulfils currently that are not statutory. That is inevitably the case, and it is, I suggest, likely, therefore, that the areas that are going to receive perhaps a disproportionate share of reductions in spending are likely to be in the non-statutory areas.

[218] **Mike Hedges:** You have not gainsaid my 70% but I will stick to two thirds, because the calculations are easier. If the cuts are going to fall disproportionately on one third of the expenditure, that is going to mean that a 3.4% average is being reduced by 10%.

[219] **Leighton Andrews:** As I say, it is for local government to look at the most effective way of delivering. Authorities need to look at the opportunities that they have for raising revenues in certain areas. They need to look at the opportunities that they have for more efficient delivery of services. I am not going to speculate or second-guess them at this point.

[220] **Mike Hedges:** I would like to raise another question. We talked about reserves earlier. As you know, the chief finance officer in each local authority has the right and power to intervene if he thinks the budget is unsustainable. I have known of chief finance officers in local authorities, as I am sure others have, who, when a greater amount wanted to be taken out of reserves by local councillors, made that threat that he would intervene and contact the Minister. If local authorities use their reserves in order to protect services and if the chief finance officer intervenes, will you be overruling him or her?

[221] **Leighton Andrews:** I do not answer hypothetical questions.

[222] **Mike Hedges:** I will put it another way then. What would your approach be to people using substantial amounts of reserves? You said 'Use your reserves', but if people use substantial amounts of their reserves, what approach will you take? Do you have any



percentage that you think is a reasonable percentage to use? Should they use 20% a year over the next five years or 10% over the next 10? Do you have any thoughts on this? You say that they have too many reserves. You say they should spend their reserves. You must have a view on how much you think is a reasonable amount.

[223] **Leighton Andrews:** I do not think that I want to be drawn on what I might regard as a sustainable level of spending of reserves in a particular circumstance.

[224] **Mike Hedges:** So, just to clarify exactly what you are saying, you think that local authorities should spend reserves but you are not prepared to say how much you think they should spend.

[225] **Leighton Andrews:** No, what I said earlier on was that local authorities should have regard to all of the sources of funding open to them, which include council tax receipts, the resources they get from us, their own powers in respect of prudential borrowing and the reserves that they have. They can also, of course, levy charges for certain services. So, in setting the budget for the future, I would expect them to have regard to all of those things. Now, there may well be sensible judgments to be made by certain authorities about the way in which they use their reserves, spending a greater or lesser proportion of them. I am not going to speculate on that at this point.

[226] **Gwenda Thomas:** On that point, looking at the willingness of local authorities to collaborate from a service delivery point of view and thinking specifically of integrated family support services, adoption, safeguarding, reablement services and the integration of health and social services, do you agree that it is just as important to evaluate the savings that that kind of collaboration can bring and to recognise that that is already happening out there and that it really needs to be preserved and protected?

[227] **Leighton Andrews:** Indeed. I do not think that anyone could suggest that the Welsh Government in recent years has been quiet in its request for greater collaboration to deliver services more effectively and efficiently. You have given good examples from social services, which is an area in which you have far more expertise than I do. We have seen some good projects, but, from everything that I have read, including when I was a member of this committee, I have certainly formed the view that there is greater scope for more collaboration, particularly on a regional basis, for some of those services.

[228] **Jocelyn Davies:** On the reserves point and sustainability, obviously, you would not want to tie your hands in case you had to make a decision, but sustainability would be an important factor. So, maybe using reserves to transform might be acceptable, while using reserves for 'business as usual' might not be sustainable, and that would be a judgment that should be made by local authorities and that you would take into consideration.

[229] **Leighton Andrews:** Precisely. Again, I think that you have put it very well. I can see that, as you move to some transformation of services, you might need to use a certain proportion of reserves as you are moving forward, but if you were to become completely reliant on running down your reserves to maintain a level of service in a particular field, then I do not think that that would be sustainable for the long term.

[230] **Jocelyn Davies:** I see. Right, okay.

[231] **Christine Chapman:** If we can move on now to another area, I know that Gwenda had some questions.

[232] **Gwenda Thomas:** Yes, thank you, Chair. In light of your acknowledgement that there is no precedent for the programme of local authority mergers that is proposed and that it

is impossible to be certain as to the robustness of the different estimations of cost, on what basis can you be confident that mergers will deliver value for money for the Welsh citizen?

[233] **Leighton Andrews:** As you know, we have opened up a discussion with local government about mergers in the future. We would expect, as they come forward with proposals for voluntary mergers, that they will have made—certainly when they present their expressions of interest—some early calculations and indications for us of where they think that savings might occur and what the opportunities might be. Certainly, when they come through by next June with the business case, we would expect those items to have been worked through in more detail.

[234] **Gwenda Thomas:** To follow up, you have also commented that it is not really realistic to expect the Welsh Government to provide large injections of cash to meet the cost of mergers, so can you provide more details as to how you expect the process to be funded?

[235] **Leighton Andrews:** When we have had a submission of voluntary merger cases, there will need, then, to be a case-by-case assessment of what might be needed and what might be feasible for us to support, and that is a discussion that I would expect to have at a future date with the Minister for finance.

[236] **Rhodri Glyn Thomas:** Weinidog, rydych wedi sôn am y modd y mae Llywodraeth Cymru wedi bod yn annog llywodraeth leol i gydweithredu ar draws ffiniau, ac mae ymateb wedi bod i hynny. Fel y dywedwch, mae'r dystiolaeth yr ydym wedi'i derbyn yn y pwyllgor hwn yn dadlau nad yw'r cydweithredu hwnnw wedi bod yn digwydd yn ddigon cyflym na'n ddigon eang, ond, eto i gyd, mae cysylltiadau trawsffiniol wedi'u gwneud. Erbyn hyn, ar gefn adroddiad comisiwn Williams, rydych chi'n dweud bod map wedi ei dynnu ynglŷn â'r math o gyfuno awdurdodau lleol y gellid ei weld yn y dyfodol ac rydych wedi dweud hefyd un ai y gall pobl symud i wneud hyn yn wirfoddol neu bydd y Llywodraeth yn gorfodi hyn. Beth sy'n digwydd pan mae fydd cysylltiadau trawsffiniol wedi'u sefydlu ers rhai blynnyddoedd bellach sy'n groes i'r awgrymiadau am gyfuno awdurdodau lleol a welwyd yn adroddiad Williams?

**Rhodri Glyn Thomas:** Minister, you have mentioned the ways in which the Welsh Government has been encouraging local government to co-operate across borders, and there has been some response to that. As you say, the evidence that we have received in this committee argues that that co-operation has not been happening fast enough or broadly enough, but, nevertheless, cross-border links are being created. By now, on the back of the Williams commission report, you say that a map has been drawn of the kinds of local authority merger that could be seen in the future, and you have also said that either people can move to do this voluntarily or the Government will force it to happen. What happens when cross-border links have been established for years but they are contrary to the suggestions for local authority mergers that were seen in the Williams report?

[237] **Leighton Andrews:** I think that that is a good question. Let me approach it in this way. I think that what the Williams commission has given us is an analysis of the opportunities for, among other things—because this is actually only one part of the Williams commission report, clearly—a reconfiguration of local government. It has done so within a particular context, largely not crossing health boundaries, police boundaries and so on, and I think that that is a good starting point for this discussion. Clearly, over time, as you have said, there have been other areas of collaboration that have developed. It is not necessarily the case that those other areas of collaboration would need to stop in the context of a set of mergers on the Williams footprint. There might be good reasons for people to continue to collaborate, for example in procurement, across a wider footprint if efficiencies can be delivered. There might be a sensible collaboration on a different regional basis on certain kinds of services. So, I do not think that we should necessarily take the Williams map as implying that that is the only

footprint then for collaboration. There might be opportunities elsewhere.

10:30

[238] **Rhodri Glyn Thomas:** O ran cyfuno awdurdodau lleol, yr ateb rwyf i wedi'i gael gan eich rhagflaenydd a'r Prif Weinidog, pan rwyf i wedi awgrymu y gallai cynghorau, yn wirfoddol, edrych y tu hwnt i'r hyn sy'n cael ei argymhell yn Williams, y bydd Llywodraeth Cymru'n dweud wrthynt mai ar sail y map y mae Williams wedi ei gyflwyno y dylid edrych ar gyfuno. Rydych chi'n sôn am broses wirfoddol, ond rydych chi hefyd yn dweud os nad ydynt yn gwneud hynny, byddwch chi'n ei orfodi, sydd ddim yn wirfoddol iawn, mewn gwirionedd.

**Rhodri Glyn Thomas:** In terms of merging local authorities, the answer that I have had from your predecessor and the First Minister, when I have suggested that councils voluntarily could look beyond what is being proposed by Williams, is that the Welsh Government will tell them that it is on the basis of the map that has been drawn up by Williams that mergers should be looked at. You are talking about a voluntary process, but you say that if that does not happen, you will force it, which is not very voluntary, in truth.

[239] Rydych chi hefyd wedi sôn bod rhywfaint o arian ar gael ar gyfer cyfuno gwirfoddol. A allwch chi ddweud wrthym faint yn union sydd ar gael ac o ble y mae'n dod?

You also said that there is some funding available for voluntary mergers. Could you tell us exactly how much is available and where it will come from?

[240] **Leighton Andrews:** Well, I am certainly not going to put a figure out there. I think that that would be very unwise. The issue, for me, is this, I suppose: I think Williams has done a very good job of identifying a particular footprint that could be delivered. It may be that other proposals will come forward that we might see as possible to deliver. I will not rule that out at this stage. I want to see what comes forward during the process of voluntary mergers. However, at the moment, our preference is for the Williams footprint.

[241] **Rhodri Glyn Thomas:** A fydd arian ar gael ar gyfer cyfuno gwirfoddol?

**Rhodri Glyn Thomas:** Will there be money available for voluntary merger?

[242] **Leighton Andrews:** There will be resources there to support voluntary mergers, but I am not going to put a figure on it.

[243] **Rhodri Glyn Thomas:** Ai egwyddor gwerth am arian yw'r unig ffon fesur rydych chi'n edrych arni yng nghyd-destun cyfuno awdurdodau lleol a chyflwyno gwasanaethau?

**Rhodri Glyn Thomas:** Is the principle of value for money the only yardstick you look at in the context of merging local authorities and introducing and providing services?

[244] **Leighton Andrews:** No. I would want to consider questions such as sustainability and the long-term viability of authorities, clearly, and the ability to collaborate with other public services. There is a whole series of questions; it is not just value for money.

[245] **Rhodri Glyn Thomas:** Mae gennyf un cwestiwn byr arall, Gadeirydd. Onid yw'n gydnabyddedig, os ydych chi'n ad-drefnu unrhyw wasanaethau, ac yn sicr os ydych chi'n ad-drefnu awdurdodau lleol, y bydd costau cychwynnol cyn ichi gael arbedion? O fewn y gyllideb rydych chi wedi'i hamlinellu—toriadau o 4.5% a thoriadau o

**Rhodri Glyn Thomas:** I have another short question, Chair. Is it not recognised that, if you reorganise any services, certainly if you reorganise local authorities, there will be initial costs before you make savings? So, within the budget that you have outlined—cuts of 4.5% and cuts of £1.5 billion in the Assembly budget—how can we deal with

£1.5 biliwn yng nghyllideb y Cynulliad—sut those initial costs and wait five or 10 years to  
 mae modd ymdopi â'r costau cychwynnol see the savings?  
 hynny a disgwyl pum neu 10 mlynedd i weld  
 yr arbedion yn digwydd?

[246] **Leighton Andrews:** I think that Williams identifies potential costs and a potential timescale for the recoupment of those. However, I think you have to start from the point of view that there is, arguably, an opportunity cost to having 22 different local authorities at the present time and we have to bear that in mind. If there was no change, what would be the opportunity costs there? That is the reality, and people tend to talk about the cost of merger without focusing on what might be the cost without merger.

[247] **Rhodri Glyn Thomas:** Diolch yn fawr. **Rhodri Glyn Thomas:** Thank you.

[248] **Christine Chapman:** Thank you. I have a couple of supplementary questions. Alun is first and then Janet.

[249] **Alun Davies:** It is exactly the point about opportunity costs that I wanted to come in on. There is clearly a cost to standing still. One of the characteristics that I think we have seen since the summer has been a number of local authorities debating mergers and the rest of it and deciding that they want to stand alone. That is what we have seen, broadly. If we have this opportunity cost—and we are seeing, in some cases, intransigence, and, in other cases, there are people who, perhaps, are not seeing the opportunities—is it therefore not the case that it would make financial sense for the Welsh Government to incentivise some local authorities, if they wish to be pathfinders, if you like, in different parts of Wales and to say, ‘Okay, if you are going to move ahead with this, within or outside of the Williams footprint, we will support you if you go early and demonstrate to other local authorities that there is actually a strong business case for delivering a different model of local government’?

[250] **Leighton Andrews:** I think, in a sense, that is what the voluntary merger proposals do. That is the opportunity precisely for that and I explained that in meetings with the Welsh local government leaders, including the WLGA council. So, I agree with what you have said.

[251] I am not surprised, so far, at the responses that we have had where there have been some public expressions of opposition to merger. I think that that is a relatively easy position for certain council leaderships to adopt. I would anticipate that position changing over time and, if it does not change over time, then it will be changed.

[252] **Janet Finch-Saunders:** Reflecting on an answer that you gave yesterday in Plenary, is there a potential in some of the proposals coming forward, where you have asked what the savings will be and what the overall cost of merger would be, that the incentive would be taken out of the actual savings that they accrue?

[253] **Leighton Andrews:** I am not thinking about it in that way, no.

[254] **Christine Chapman:** Okay, if we can move on, I have some questions from Peter first.

[255] **Peter Black:** The Government has taken a particularly strong view in terms of continuous improvement and collaboration, so much so that you have built continuous improvement into the Local Government (Wales) Measure 2011, which was passed in the last Assembly. Yet, the budgets that you have put in place for continuous improvement and collaboration have been cut, inevitably I think, in this budget round. Does that mean that you are taking your foot off the pedal on those particular issues?

[256] **Leighton Andrews:** No, we are bringing together budgets in the fields of improvement and audit to make it very clear that our direction of travel is unchanged there. As you rightly say, it is inevitable that we have had to make some reductions in overall spend.

[257] **Peter Black:** Do you think that it is a very big ask of local authorities to continue to promote continuous improvement when they are having to make such deep cuts?

[258] **Leighton Andrews:** I think that there is a difficulty here maybe in some of the terminology. I think that you can continue to improve your efficiency and you can continue to improve the quality of your provision. The range of your provision may change, however, and sometimes I think that people can confuse those issues when they talk about continuous improvement.

[259] **Peter Black:** In terms of the money that is made available to local authorities for collaboration and continuous improvement, what evaluation is made of that expenditure and how effective is it?

[260] **Leighton Andrews:** We do evaluate all of that expenditure, and we look at—. Clearly, there have been improvement grants, there are outcome agreements that we have established with local authorities, and we make assessments against those of local authority performance. We are able, should we wish to do so, to withhold money, and we have indeed withheld money on occasion.

[261] **Peter Black:** In terms of the agreements.

[262] **Leighton Andrews:** The outcome agreements, yes.

[263] **Gwyn R. Price:** Following that theme, what do you think the impact of the 59.8% reduction in the budget to support collaboration and reform will have on this area? What is the basis for the discontinuation of the regional collaboration fund, given that it was intended to increase the scale and pace of collaboration?

[264] **Leighton Andrews:** There are general issues affecting our budget that have necessitated changes. However, we are now embarked on a programme of local government reform, and my priority would be to move forward on that within our overall budgets. As I have explained, we have issued the prospectus on voluntary mergers and we want to see energies going into that. I would continue to expect local government to work on a regional basis where it sees that as sensible; I think that the regional educational consortia are examples of that in progress at the present time. I think that we are now moving to a very much clearer future for local government in Wales.

[265] **Gwyn R. Price:** So, you would support the discontinuation of the regional collaboration fund?

[266] **Leighton Andrews:** I think that, as we move forward on a new footprint, those kinds of questions will take a different shape.

[267] **Gwyn R. Price:** Very guarded there.

[268] **Leighton Andrews:** Reg, do you want to come in on that point?

[269] **Mr Kilpatrick:** There are two points to make about the reduction in the budget, one of which is that there was a planned reduction anyway because we did not proceed with an all-Wales performance management IT system. The second point about the RCF is that it was

only ever a three-year programme, and it is coming to a natural end next year anyway.

[270] **Gwyn R. Price:** Okay. What is the Minister's response to the criticism from Cardiff Business School that the performance and outcomes of collaborations in local government are not being assessed?

[271] **Leighton Andrews:** They have been assessed. I think that I was a member of this committee when we had the very interesting evidence from Cardiff Business School, which I think confirmed my view at the time, as I made the point that, by and large, you get collaboration in local government if you make provision for incentives or fines or legislation.

[272] **Christine Chapman:** Peter, you are next.

[273] **Peter Black:** Minister, the Government is putting local service boards on a statutory basis in the future generations Bill. Are you anticipating that some of the budget that you have currently in terms of collaboration will be directed more towards local service boards as a way of improving cross-sectoral collaboration?

[274] **Leighton Andrews:** Clearly, we want to encourage cross-sectoral collaboration, including between devolved and non-devolved services, and local service boards being on a statutory footing will, I think, give us more scope for that. I think that what we are talking about here is how we can ensure that, at the same time as we have what is potentially a radical programme of local government reorganisation, we continue to find the most effective way to deliver services across different public bodies.

[275] **Christine Chapman:** Gwenda, you have some questions.

[276] **Gwenda Thomas:** Yes. Can you provide any examples of where your proposals were amended or changed as a result of their potential impact on the Welsh Government's sustainable development principles?

[277] **Leighton Andrews:** In our preventative work, we have put in resources to support a number of different areas of activity. I think that this relates, to some extent, to the work on prevention that we were discussing earlier. In terms of sustainability, we have put in resources to support Welsh-language services, for example. I think that there is a whole series of areas and I would be happy to write to the committee with a list, if you would like.

[278] **Christine Chapman:** Yes, could you do that? Thank you. Gwenda, would you like to continue?

[279] **Gwenda Thomas:** Was a specific Welsh language impact assessment undertaken in your department as draft budget allocations were decided?

[280] **Leighton Andrews:** There is an overall assessment that is made on the Welsh budget that you can find within the strategic integrated impact assessment, which includes the impact on the Welsh language.

[281] **Gwenda Thomas:** Can you give specific examples then of how any such assessments impacted on or influenced decisions?

[282] **Leighton Andrews:** Yes. We have an expectation, let me say, just on the Welsh language, because I do want to pick up this point, that local authorities will of course undertake their own Welsh language impact assessments in considering and setting their own budgets and we would expect that to be within the consultation. We would also expect fire and rescue authorities, for example, to undertake their own Welsh language impact

assessments. We have undertaken Welsh language impact assessments in respect of a number of our areas of responsibility. For example, in the all-Wales domestic abuse helpline. So, we would undertake those assessments ourselves and we would expect others to do so where it is appropriate for them to do so.

[283] **Gwenda Thomas:** Added to that, are you convinced that individual Welsh language schemes complement this process?

[284] **Leighton Andrews:** I would have to have evidence that they were not, I think, and that evidence has not been brought to me.

[285] **Christine Chapman:** I am going to move on now to another section. Jocelyn, you have the next question.

[286] **Jocelyn Davies:** This is in relation to the programme for government commitment to improve the understanding of the links between local government performance and the provision of funding. I just wondered what specific work had been done and whether you can point to anything in the draft budgets in relation to allocations to demonstrate that. So, this is about scrutiny and performance.

[287] **Leighton Andrews:** My predecessor did ask all local authorities for information on the approach that they had taken on, for example, consultation and public engagement in relation to budgets. We have published a prospectus of best practice examples on our website. We have published updates on local authority service performance and comparison of regional collaborative areas and these include analyses of aspects of spending alongside performance. So, I think that we have taken those things on board.

10:45

[288] **Jocelyn Davies:** So, in relation to improved scrutiny at local government level, what is your view on that at the moment?

[289] **Leighton Andrews:** I think that it is variable, but there has been a recent report from the Wales Audit Office, which points to good practice around Wales. I think that that good practice is there for people to draw on.

[290] **Jocelyn Davies:** It is there for people to draw on.

[291] **Leighton Andrews:** Well, at the end of the day, I do not think that we can hand-hold every councillor in every authority.

[292] **Jocelyn Davies:** No, okay.

[293] **Christine Chapman:** Do you have any other questions, Jocelyn?

[294] **Jocelyn Davies:** No, that is fine.

[295] **Christine Chapman:** Mark, do you have any questions?

[296] **Mark Isherwood:** Yes, thank you. My sense is that the local government funding formula applied by the Welsh Government over many years now has disadvantaged local authorities that are, in relative terms, proportionately less disadvantaged and rewarded local authorities that, in relative terms, are proportionately more disadvantaged. The Welsh Government's programme for government says that it will use funding to allocate money more effectively to drive service improvement. Can you provide any examples of how the

Welsh Government budget provision has been used to achieve that?

[297] **Leighton Andrews:** Well, I think we gave examples earlier of the budgets that we have had for regional collaboration, for example, and how that has been used over a three-year period. I think that I would want to take issue with your characterisation of the setting of the overall budgets for local authorities in the first place. There is a deprivation element within the funding that goes to local authorities of around £22 million, I think, and it is right that local authorities in more deprived areas receive a higher proportion of that funding. At the end of the day, the funding formula is calculated according to work done within the distribution sub-group and all local authorities take part in that.

[298] In terms of other work streams, we have seen improvements in delivery—we have had our public service leadership group work streams, for example. So, I think that there is evidence and there is work going on.

[299] **Mark Isherwood:** You can see that we need to see funding delivering service improvement and, therefore, better outcomes rather than simply subsidising the problems that might already exist.

[300] **Leighton Andrews:** I completely agree with you but, at the end of the day, what we are seeking to do here is ensure that local authorities learn from best practice. That is what we should be doing and what they should all be aspiring to do.

[301] **Mark Isherwood:** Can you provide any more details and describe how the continued support of the scrutiny development programme, namely scrutiny of local government, is reflected in the draft budget and what specific outcomes you intend this to deliver?

[302] **Mr Kilpatrick:** I can give you a couple of examples of projects that are under way. The first is an academically accredited training course that is run by the University of Wales, which is about improving scrutiny. We are developing a collaborative scrutiny handbook, which will help members undertake scrutiny in a much more effective and targeted way. We are also strengthening the link between external scrutineers—the audit and inspection bodies—and local scrutiny, because, clearly, it is absolutely essential that the views of the inspectorates and the regulators are properly reflected through local scrutiny processes if we are going to identify areas of potential improvement or strength.

[303] **Leighton Andrews:** If somebody can find a better word than ‘scrutiny’, please tell me. [*Laughter.*]

[304] **Mark Isherwood:** Would that include officers at senior level as well as elected members?

[305] **Leighton Andrews:** Yes.

[306] **Mark Isherwood:** Obviously, you will be aware, from your conversations with the Public Services Ombudsman for Wales’s office, of the repeated incidences where umbrage might have been taken and complaints referred that should have been dealt with at a local level, because of a failure to understand the role of the member in challenging, but not offending, and the role of the officer in being accountable to the public through those elected members. What dialogue have you been having with the ombudsman and the WLGA regarding that?

[307] **Leighton Andrews:** I have not had any dialogue in the last four weeks, but perhaps Reg might like to elaborate.



[308] **Mr Kilpatrick:** We have not had any conversations with the public services ombudsman about this particular issue. We are aware that there are differences in practice across Wales, but I think that it is essentially for the ombudsman to work with local authorities to sort that out.

[309] **Leighton Andrews:** I have to say that I find it extraordinary that those problems arise. I have heard the public services ombudsman on this issue, and I thought that the issues were raised with great force and great clarity.

[310] **Christine Chapman:** We are starting to move towards the end of this meeting; I think that we have about 20 minutes left. Janet has a supplementary question, and then we need to move on.

[311] **Janet Finch-Saunders:** You have scrutiny and audit, and there have been several examples across Wales where actions have been taken by certain officers and members behind closed doors, resulting in overspends and poor procurement. In terms of audit, do you intend to ensure that, however many local authorities we have, scrutiny with audit—. I have seen cases where reports have pointed out where there have been overspends, and members of the committee just nod and say, ‘Okay, it will not happen again’; three months later, we are back there again. Do you intend to firm up the audit process in local government at all?

[312] **Leighton Andrews:** The audit process is pretty robust. If your question is about how that is scrutinised and how lessons are learned and taken forward, there is an issue for us as we draw up future plans for a more significant White Paper on local government reform in the new year, where we need to consider questions such as the support that is available to backbench Members, for example, for scrutiny. That is an important area for us to look at. I have to say, however, that, nearly 20 years after this particular local government reform, I find it slightly surprising that there is a breakdown in these areas of scrutiny.

[313] **Janet Finch-Saunders:** On the back of that, there is a general feeling—one sees it in social media and in e-mails received—that there is a bigger divide now. Cabinet seems to be taking all of the decisions, with the majority of the councillors feeling completely excluded. Are you still intent on perhaps reviewing the Cabinet system?

[314] **Leighton Andrews:** I have raised questions with local authority leaders in my early meetings about how they see the operation of the Cabinet system. I would expect the White Paper in the new year to look at the Cabinet system. I am not persuaded that we need to move away from the Cabinet system, but I question whether we might strike a better balance between the Cabinet system and the role of backbench members.

[315] **Gwyn R. Price:** I have a question on council tax support and whether the Minister can confirm the specific arrangements that will be put in place in 2015-16 with regard to council tax reduction schemes, bearing in mind that the indicative figures show that £4 million was due to be spent on the council tax reduction scheme pensioner grant in 2015-16. Could the Minister give an explanation as to why no such provision has been made in the eventual draft budget for this?

[316] **Leighton Andrews:** It is because it has been put into the RSG.

[317] **Gwyn R. Price:** That is nice and quick. Thank you very much.

[318] **Rhodri Glyn Thomas:** Wrth gwrs, **Rhodri Glyn Thomas:** Of course, this deficit stems from the fact that the powers in this area have been devolved with a 10% deficit in terms of funding from Westminster. That

San Steffan. Hynny yw, mae'r broblem hon yn mynd i barhau ac mae'n bosibl y bydd yn cynyddu oherwydd y niferoedd a fydd yn derbyn hwn. A ydych yn ffyddiog eich bod chi, fel Llywodraeth, yn mynd i allu gwneud hyn yn y dyfodol, y tu hwnt i 2015-16?

is, this problem is going to continue and is possibly going to increase because of the numbers that will receive this. Are you confident that you, as a Government, are going to be able to do this, beyond 2015-16?

[319] **Leighton Andrews:** We have made the commitment through to 2015-16. I do not intend to make statements about the budgets beyond 2015-16, but I think that people can understand the priority that we attach to this.

[320] **Christine Chapman:** Minister, you touched upon this earlier on, and I wonder whether you could expand on your response to the comment by the WLGA that, as a result of budget reductions, local authorities will have no option but to look seriously at charging for services. I wonder whether you could say a little bit more about that.

[321] **Leighton Andrews:** Local authorities do charge for certain services in certain areas already. Clearly, as I said earlier, they will need to look at the different sources of revenue that they have available to them going forward, and that will include charges. To make a general point about some of the comments that have been made by the WLGA, one of the comments that was made by a leader in north Wales, I think, was that local government was back to where it was in 2000-01. I wish to be clear that the cash budgets for local government have grown by 61% since 2000-01, which means a 15% increase in real terms since 2000-01. I would certainly like to get that correction on the record.

[322] **Christine Chapman:** Mike has some questions.

[323] **Mike Hedges:** Just one, actually. How was the £100,000 increase in revenue funding to support the implementation of the Gender-based Violence, Domestic Abuse and Sexual Violence (Wales) Bill calculated?

[324] **Leighton Andrews:** I did explain a little bit of this perhaps in the questions last time, but some of that is to ensure that we can make provision for the role of the ministerial adviser.

[325] **Mike Hedges:** Is that all for the ministerial adviser, or is it partly for the ministerial adviser? What is the other money for?

[326] **Leighton Andrews:** We do not yet have a Bill that agrees to the post of the ministerial adviser, so there are still calculations to be made around that. To us, it seemed a reasonable provision.

[327] **Christine Chapman:** Alun has some questions on youth justice.

[328] **Alun Davies:** I have no further questions to this Minister.

[329] **Christine Chapman:** Okay. Rhodri.

[330] **Rhodri Glyn Thomas:** Wrth geisio diogelu gwasanaethau uniongyrchol a statudol sydd yn cael eu cyflenwi gan awdurdodau lleol, mae cwestiynau'n codi wedyn ynglŷn â gwasanaethau eraill; er enghraifft, y gwasanaeth tân ac achub. Petai'r pwyslais yn cael ei roi yn gyfan gwbl ar ymateb i alwadau brys, byddai perygl y

**Rhodri Glyn Thomas:** In trying to safeguard direct and statutory services that are supplied by local authorities, questions arise about other services, such as the fire and rescue service, for example. If the emphasis was put entirely on the response to emergency calls, the preventative work and the community education work that is done by this service

byddai'r gwaith ataliol a'r gwaith addysgu yn y gymuned sydd yn cael eu gwneud gan y gwasanaeth hwn yn cael eu colli. A oes gennych unrhyw fwriadau yn y maes hwn i sicrhau bod y gwasanaeth hanfodol hwnnw'n cael ei ddiogelu yn y dyfodol?

could be at risk. Do you have any intentions in this area to ensure that this critical service is safeguarded for the future?

[331] **Leighton Andrews:** Let me say that the area of fire safety has been a great success story. The incidence of fires and fire-related casualties has more than halved since responsibility for the service was devolved in 2005. There is provision, of course, for community fire safety. In 2012-13, the three fire and rescue authorities spent over £20 million on fire safety. We have had to make some reductions to the community fire safety grant, but it has never accounted for more than 11% of the total FRA revenue across Wales. I am sorry; it was 1.1%. It was only 11% of total community fire safety across Wales.

[332] **Rhodri Glyn Thomas:** Diolch am y cywiriad, Weinidog. [*Chwerthin.*] Roeddwn yn dechrau poeni. Rwy'n siŵr y byddech yn cytuno bod y gwaith hwn yn hanfodol, a phetai unrhyw gyfyngu arno, byddai'n rhoi baich ychwanegol ar wasanaethau eraill. Felly, rwy'n falch iawn i glywed yr ymrwymiad rydych wedi gallu ei roi.

**Rhodri Glyn Thomas:** Thank you for the correction, Minister. [*Laughter.*] I was starting to worry. I am sure that you would agree that this work is crucial and that any limitations on it would put extra pressure on other services. So, I am very glad to hear the commitment that you have been able to give.

[333] Mae fy nghwestiwn olaf ynghylch y swyddogion cymorth cymunedol. Mewn Cyfarfodydd Llawn yn ddiweddar rydych wedi bod yn pwysleisio pa mor bwysig yw'r gwaith sy'n cael ei gyflawni ganddynt. A oes gennych unrhyw fwriad i gomisiynu proses o werthuso effaith y swyddogion cymorth cymunedol hyn? Sut y byddai hynny'n effeithio ar y gyllideb ddrafft bresennol a'r cyllidebau yn y dyfodol?

My final question is on the community support officers. Recently, in Plenary meetings, you have emphasised the importance of the work that they do. Do you have any intention to commission a process of evaluating the impact of these community support officers? How would that affect the present draft budget and future budgets?

[334] **Leighton Andrews:** We have embarked on an appraisal of their work, but I think that it is premature to believe that it would have any impact on the current draft budget. It will not. I am meeting the police and crime commissioners later today, and there is no doubt that this will be one of the issues that I may discuss with them.

[335] **Christine Chapman:** I have a supplementary question now from Peter, and then I will bring Jocelyn back in.

11:00

[336] **Peter Black:** In terms of the fire and rescue services, I think that they have traditionally been assessed in terms of the number of fires and other incidents they attend, but, of course, because of the investment in preventative work, the number of fires in our communities has decreased massively. However, the same cannot be said, for example, for the number of road traffic accidents in terms of the work that they do there. Are you concerned that the pressure on local government and various other cuts will impact on that preventative work, because local government will seek to reduce the funding that it gives the fire and rescue services?

[337] **Leighton Andrews:** I think that that is something that we will have to keep under

observation. It is a fair question and one that we should keep an eye on.

[338] **Peter Black:** When I met with the Fire Brigades Union, its view is that the fire and rescue service has, effectively, been cut to the bone, as a lot of services have, to be fair. It was concerned that, because of the way that those services' work has been assessed, the Government would not give the same priority, in future, to them as it has done in the past.

[339] **Leighton Andrews:** We have had to make some reductions in the community fire safety grant, but, as I said, it has never accounted for more than 11% of total community fire safety work. If there is an indication of reductions in this area, no doubt they will be brought to my attention.

[340] **Christine Chapman:** I have a number of Members who wish to speak. It may not be on this point; it may be on other points, but I will take Jocelyn first, then Gwenda, then Mike.

[341] **Jocelyn Davies:** Just on the police and crime commissioners, will you be discussing with them their plans to use their powers to raise the precepts?

[342] **Leighton Andrews:** I will certainly be discussing with them the challenges that they face.

[343] **Jocelyn Davies:** It is just that I noticed that, in my area, there has been an announcement that the police and crime commissioner intends to use their powers to raise the precept, which, of course, affects the council tax.

[344] **Leighton Andrews:** What question do you want me to ask him?

[345] **Jocelyn Davies:** Well, first of all, I did not know that he had the power to do that, so I was a bit surprised, but it would be nice to have an all-Wales view of exactly what is going on with the precept, because it affects the bill that people will get.

[346] **Leighton Andrews:** This will be my first meeting with the police and crime commissioners, so you are giving me food for thought.

[347] **Jocelyn Davies:** Good.

[348] **Christine Chapman:** Gwenda is next.

[349] **Gwenda Thomas:** Thank you. I have declared an interest, of course, in the fire service, and that is properly done, but my question is not directly with regard to the fire service but about complementary programmes that are carried out in partnership by the fire service and other partners and, in particular, the Phoenix project and the Crime and Consequences project, which are successfully delivered in partnership with the Hillside secure unit, and the very real concern that budget cuts could affect the value for money of those projects, and whether you will be prepared to consider any representations made on those very important projects.

[350] **Leighton Andrews:** I think that if you wanted to write to me on those, I would certainly consider them.

[351] **Christine Chapman:** I have Mike, then Mark.

[352] **Mike Hedges:** It is a straightforward question. My understanding was that the fire authorities used to levy on local authorities. Do they still raise their money in that way?

[353] **Leighton Andrews:** Yes.

[354] **Mark Isherwood:** In terms of police precepts, when a sub-committee of a predecessor committee of this committee, which I sat on, reviewed formal proposals for police merger, one of the things that we picked up on was the disparity in precepts across Wales and that, if we were going to move to greater collaboration and integration, including funding mechanisms, that would need to be addressed. However, that would mean disproportionately higher percentage increases in the south of Wales by comparison with elsewhere. I wonder whether you would factor that into your discussions and share your conclusions accordingly at some point.

[355] Secondly, regarding fire and rescue services, it has been highlighted a number of times, but Firebrake Cymru has, over a number of years, indicated the need to carry out some detailed evaluation to identify those most at risk of fire death and injury, so that preventative measures may be best targeted, especially now, when budgets are tight. Where is the Welsh Government with that?

[356] **Leighton Andrews:** I think that I had better write to the committee on that one.

[357] **Christine Chapman:** There are no more questions, Minister, so may I thank you and your officials for coming to this meeting today and answering questions? We will send you a transcript of the meeting, so that you can check it for factual accuracy.

11:04

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

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

*the committee resolves to exclude the public from items 5 and 6 in accordance with Standing Order 17.42(vi).*

[359] I see that Members are agreed.

*Derbyniwyd y cynnig.  
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:04.  
The public part of the meeting ended at 11:04.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 13:02.  
The committee reconvened in public at 13:02.*

**Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2015-2016—Sesiwn  
Dystiolaeth gan y Gweinidog Cymunedau a Threchu Tlodi  
Scrutiny of Welsh Government 2015-2016 Draft Budget—Evidence Session from  
the Minister for Communities and Tackling Poverty**

[360] **Christine Chapman:** I welcome everybody back for this afternoon's session. This item is scrutiny of the Welsh Government's 2015-16 draft budget. We are now going to take evidence from the Minister for Communities and Tackling Poverty. I welcome Lesley

Griffiths, Minister for Communities and Tackling Poverty, once again, and you have your officials with you today: Kate Cassidy, director of communities and tackling poverty, John Howells, director of housing and regeneration, and Peter Jones, head of finance. Welcome to you all.

[361] Members will have read the evidence that you have sent in to us, so, if you are happy, we will go straight into questions. I will start, Minister. We know that there have been reductions in funding for specific programmes within your portfolio. Have you any thoughts on whether these reductions could compromise the programme for government commitments?

[362] **The Minister for Communities and Tackling Poverty (Lesley Griffiths):** No, the budget proposals have been constructed in such a way as to have as little impact as possible on the programme for government commitments. Obviously, they are programme for government commitments; they are a priority for me and they were a priority for my predecessors. However, because of the financial constraints, we know that some of the programmes may have to be delivered in a different way or in a more economical way. We understand that there are challenges. We have had cuts in our budget, obviously, and we have had to pass on some of those cuts, unfortunately, to programmes and organisations. So, it is really important that we continue to work very closely with our partners—with local authorities, for instance—to mitigate any impacts.

[363] **Christine Chapman:** Have you made any assessments of the funding of specific programmes as to the potential impact on protected groups? Have any assessments been made?

[364] **Lesley Griffiths:** Yes. We have had to cut two significant programmes in my portfolio. Those are Communities First and Supporting People. In the evidence paper that I gave you, I referred to the reduction of £2.3 million to Communities First. I mentioned in evidence this morning that I think that that will be dealt with so as to have as minimal an impact as possible, due to the slippage, for instance, in the staff vacancies that we have had. However, we have had a look to make sure that no particular group—for instance, in the clusters where there is a high proportion of people who speak Welsh or a high proportion of people from an ethnic minority background—will be impacted disproportionately. In relation to Supporting People, you will be aware of the money that was put into last year's budget to mitigate the proposed cuts. I think that there will be an impact on Supporting People. That is bound to happen, but, again, it is about working to make sure that that impact is kept to a minimum.

[365] **Christine Chapman:** Will you continue to monitor the impact as this continues?

[366] **Lesley Griffiths:** Yes, certainly. That is something we will do. As I say, we will work very closely with our partners.

[367] **Christine Chapman:** Alun, do you have a question?

[368] **Alun Davies:** We are clearly aware of the damage that has been done by the disastrous financial policies being pursued by the United Kingdom Government. I think that many of us are concerned to ensure therefore that the programmes that we are able to protect are as effective as possible. Therefore, it would be useful, I think, if we could understand the work that the Government is undertaking to ensure that the objectives that the Government has set for those programmes are being met and how you are able to provide a clear assessment of the objectives you are meeting at the moment.

[369] **Lesley Griffiths:** Yes. Clearly, there has been a massive impact, as the Minister for

finance mentioned this morning. We have had a £1.5 billion cut to our budget this term. We have to pass on those cuts. We can only spend the money we have got. I think that it is important that we continue to monitor and evaluate the programmes. Certainly, over the last three years, and maybe even before that, there has been a great deal of work done around Communities First, for instance, to make sure that that money is being spent as well as it possibly could be and that it is reaching the people it needs to reach. On Flying Start, which is another programme for government commitment, again, there has been a great deal of work done to ensure that it is for the children who would most benefit from that programme. So, there is a continual evaluation and monitoring of programmes, really.

[370] **Alun Davies:** I appreciate that you were present at our session this morning when we discussed the strategic impact assessment and the work that is being done around that. We did not have time to extend the conversation this morning with you. So, perhaps this is an opportunity now to outline how that assessment process is shaping your own budget allocations.

[371] **Lesley Griffiths:** Well, you will have heard that, obviously, all programmes go through that evaluation. I know that there was a lot of discussion around the budget advisory group for equality. Obviously, all of my programmes have gone through that as well. Another thing we have done is that we have managed to do a great deal of work to establish high-level outcomes, because outcomes are obviously a priority. The First Minister has made it very clear all along this term that it is all about delivery; it is all about outcomes. There are a lot more performance measures and reporting systems in place now, I think, which enable us to gather the data we need to make sure that we know that the impact we want programmes to have is being achieved. I can give you an example out of my portfolio. Obviously, housing has now come in to the communities and tackling poverty portfolio, including the Houses into Homes scheme, which is now two years into a three-year programme. It has had a great deal of independent evaluation and interim evaluations. That really helps, particularly for somebody like me coming into a new portfolio, because you can see straight away the impact it is having.

[372] **Alun Davies:** I am grateful to the Minister for that answer, because I think that there is always a danger that people perceive some of these processes as simply ticking boxes rather than actually shaping budget allocations. I think that it is important that we are able as a committee to understand how the budget shapes the Government's programmes and, perhaps more importantly, how the Government's programme shapes the budget itself. Taking that into consideration, you said that the First Minister's key priority is delivery, and I think that we have all understood that in different ways, but he has also said that the Government's key priority programme is that of tackling poverty. So, it would be useful for us to understand how the tackling poverty programme has helped to shape your own budgetary decisions.

[373] **Lesley Griffiths:** Budgets have been protected for the programmes that contribute to that agenda as much as possible. So, supporting children and families in deprived communities is absolutely at the heart of the tackling poverty action plan. You only have to look at Communities First and Supporting People to see that preventative spend is, again, the aim and the key theme of the portfolio. I mentioned Flying Start in an earlier answer and I think that, the more we can do through early years, the more benefits we will reap in the long term. Members will be aware that our commitment was to double the number of children benefiting from Flying Start, from 18,000 to 36,000. We are already at 31,000 19 months away from the end of the term in this portfolio. I would very much like to see us achieve that target by next year, and I do not think that that is too big an ask, but that is certainly one of the things—. I met with all my senior officials yesterday to talk about my priorities now that I have come to this portfolio, and I would very much like to see that, because I think that we really will reap the benefits of having those children benefiting from Flying Start as soon as possible.

[374] Communities First is a key programme that obviously shapes this portfolio. We are using that infrastructure now to look at other programmes. Vibrant and Viable Places has now come under the portfolio. That has been based on Communities First areas. You only need to look across Government to the health portfolio and the over-50s health checks. Again, Communities First is playing a big part in that. So, other things that we can do around tackling poverty include the advice services grant and putting more money into that, because I think that it is really important that we stop people getting into debt. So, if we can put the preventative services there to stop that happening in the first place, I think that, again, we will reap the benefits, instead of having to go to help them after they have got into debt. So, more funding has gone into advice services. All these parts of the portfolio help us to form the budget proposals.

[375] **Alun Davies:** Thank you for that; that is very useful. How do you intend to report on the tackling poverty plan? You have just outlined a number of different areas where the tackling poverty plan is shaping budgetary decisions, but I think that the committee would also be interested in a number of the things that you just said there that are quite new to me and, obviously, to others. It would therefore be quite useful for us to understand how you intend to report all of those things together.

[376] **Lesley Griffiths:** It is reported annually to the Assembly. I am going to ask Kate when the next one will be. I am three weeks into post, so I am not quite sure when the next one will be.

[377] **Ms Cassidy:** It is basically every summer. So, the next one will be in July.

[378] **Christine Chapman:** Peter, you had a supplementary question.

[379] **Peter Black:** Minister, you just described Communities First as preventative spend. Where is the evidence for that?

[380] **Lesley Griffiths:** Well, the evidence is in—. Sorry, let me just look at—*[Inaudible.]*

[381] **Ms Cassidy:** Sorry, I did not hear the question.

[382] **Peter Black:** You described Communities First as preventative spend. Where is the evidence for that?

[383] **Ms Cassidy:** The evaluation of Flying Start, or—

[384] **Peter Black:** No, Communities First.

[385] **Ms Cassidy:** The preventative spend is in what we are doing in all three aspects of Communities First in terms of health, getting people active and thereby preventing chronic diseases, and also in work with the health service in terms of the over-50s health checks, which are a preventative measure. In terms of learning and skills and employment aspects, clearly, getting people into work, again, is protective in terms of poverty and preventing poverty. So, all the measures that we are collecting in relation to health, education, skills and employment, which we are gathering in every cluster in Communities First, are giving us the evidence that people are participating in large numbers in those activities, and that will have the benefits that we—

[386] **Peter Black:** But all the indicators that are available show that Communities First areas are not progressing any faster than non-Communities First areas in terms of health, education or the economy. So, how is the money that you are spending producing value for



money and having an impact?

[387] **Ms Cassidy:** Well, all we can do is to measure the impact of the things that we are doing in Communities First areas, and those interventions are having benefits for the number of people taking part in them.

[388] **Peter Black:** How are you measuring those impacts?

13:15

[389] **Ms Cassidy:** We are measuring them by asking the cluster managers—the people who are running the programmes in those cluster areas—to gather information according to a basket of indicators that we have in common across all the Communities First areas. This is so that we can gather information, for example, on the number of people who have been helped into work, the number of people who have gained qualifications, and so on. We reported those to the committee, I think, back in the autumn.

[390] **Peter Black:** Are these the same indicators that you promised to publish a year ago, but that have not yet been published?

[391] **Ms Cassidy:** We gave them to the committee in the previous submission to the committee, which contained all the data about the number of interventions so far.

[392] **Peter Black:** I think that there was a promise to have performance indicators for Communities First. The last time that I asked in Plenary about that, I was told that they were not yet ready and that we were looking at autumn this year, having been promised them in autumn last year.

[393] **Ms Cassidy:** The indicators are on the Welsh Government website.

[394] **Peter Black:** Are they published together with the outcomes against those indicators?

[395] **Ms Cassidy:** We have given that information to the committee already. We are currently—

[396] **Peter Black:** I do not recall that.

[397] **Ms Cassidy:** We have given that to the committee.

[398] **Christine Chapman:** We will check. Obviously, we need—

[399] **Peter Black:** Could you forward that information to us again?

[400] **Ms Cassidy:** Certainly.

[401] **Peter Black:** I am sure that I have not seen that and I was told that the indicators would be published this autumn.

[402] **Lesley Griffiths:** We would be very happy to write to the committee, Chair.

[403] **Christine Chapman:** Alun, you have a supplementary question.

[404] **Alun Davies:** If you are going to write to the committee—[*Inaudible.*] My concern, probably best dealt with by officials, is that we do not simply produce indicators of activity, but that we demonstrate how that activity is changing the lives of people. Certainly, for my

constituents in Blaenau Gwent, there is considerable Communities First activity within the constituency. My concern is to understand how the Government believes that that activity changes people's lives in my constituency. That is the concern that I have, rather than simply indicators—

[405] **Lesley Griffiths:** We can specifically address that.

[406] **Peter Black:** That is what I thought performance indicators were.

[407] **Christine Chapman:** We are talking about outcomes.

[408] **Alun Davies:** That is not what was said, though, is it?

[409] **Peter Black:** Yes, it is about the outcomes.

[410] **Christine Chapman:** Mark, do you have a supplementary question?

[411] **Mark Isherwood:** Yes. Following on from one of the points that Peter mentioned, to what extent are those outcome statistics weighted to reflect general societal changes in those areas, so that we can identify what the added value being generated is, and what simply reflects the general trends across Wales? Secondly, in terms of the grant recipient bodies, which are primarily local authorities, unlike the previous rounds of Communities First, what monitoring is taking place, if any, to ensure that the moneys local authorities receive for that purpose are being focused on the cluster areas and are not leaking out into wider programmes?

[412] **Christine Chapman:** Would you like to address that?

[413] **Ms Cassidy:** In terms of making sure that the money is going to the clusters, absolutely: that is tracked very closely and monitored. I can assure the committee that any money that is paid out is for activity in those clusters. Clearly, if there is activity that would benefit somebody who is just on the margins, outside, but the activity is taking place in the cluster, we are not talking about splitting hairs in that respect, but the payments are certainly focused on what activity is being undertaken by the Communities First workers in those cluster areas. In terms of tracking progress, when the programme was set up, each cluster area was given a set of data that were tracking what the position was, for example, on unemployment at an all-Wales level, at a local authority level and within the cluster area. That was so that they could see very clearly the differentiation between the national position, the local position more broadly and the local position in their area. That information is the basis for the delivery plans that they have produced, and they are seeking to make an impact to narrow those gaps, which are very clear in the baseline data.

[414] **Alun Davies:** Can you demonstrate the causal relationship?

[415] **Ms Cassidy:** Well—

[416] **Alun Davies:** It would appear to me that that would be very difficult to identify.

[417] **Ms Cassidy:** We are proceeding on a results-based accountability basis, which is a good methodology for saying, 'You know that these are the outcomes we want to achieve', for example, people being in employment, and we can see very directly when we have made interventions that have resulted in people either gaining qualifications that will help them to get employment or they have actually got employment.

[418] **Christine Chapman:** Peter, do you have any other questions?

[419] **Jocelyn Davies:** Can I—

[420] **Peter Black:** I have not.

[421] **Christine Chapman:** Jocelyn.

[422] **Jocelyn Davies:** I have a question just on this point, really. It is not on employment because that is—. If somebody undertakes the online over-50s health check, how can you demonstrate that that improves somebody's health? I can see your link between getting a job or getting a qualification, but how is somebody going on their computer and undertaking that health check improving their health, unless it discovers something that you did not know before? In my experience, only really healthy people bother to undertake a health check, but there you are. I think Mr Howells wanted to say something.

[423] **Mr Howells:** The fact that Communities First exists in those disadvantaged communities might mean that there is more of a likelihood of change by people who would not otherwise have been thinking about the changes in lifestyle that might make a difference. It is a difficult area, but I can see what is on your agenda.

[424] **Jocelyn Davies:** I do not think that you would suggest that nobody in the Communities First area would be interested in their health and that it is only the wealthy and the middle class who would be. All I am saying is: how do you then say that is a good indicator of improving health—the fact that some people in that area have undertaken an online health check? That is all. Perhaps it is a little bit more difficult making that link than somebody getting a job or a qualification.

[425] **Christine Chapman:** Do you have discussions with the Minister for health on the health checks' link into Communities First? Is that part of your cross-ministerial work?

[426] **Lesley Griffith:** Yes, I certainly started it when I was the Minister for health.

[427] **Ms Cassidy:** We worked closely with the health department on that. We were clearly targeting people who were much less likely to be the worried well. We can track improvements in other indicators among those that we have published, for example, whether people are taking exercise at all and whether they are eating fresh fruit and vegetables. These are things that may have to be self-reported, but, nevertheless, those are things that we can measure, which we know from the public health evidence will have a positive impact on their health.

[428] **Alun Davies:** However, that does not answer the question; this is what we are coming back to. Let us take the example that Jocelyn gave: Jobs Growth Wales. Jobs Growth Wales is creating work for people, as it is in my constituency, but how can you demonstrate that it is Jobs Growth Wales that is getting that person into work rather than Communities First? In the same way, we took evidence in committee yesterday on the public health Bill. That is proposing to improve people's health in all sorts of different ways and in different structures. How can you demonstrate that it is Communities First that is improving people's health in a Communities First area, rather than the other interventions that are taking place through Public Health Wales and the health boards? It is about understanding those causal relationships. You cannot just say, 'This is happening in this geographical area and, therefore, this is what has caused it', unless you can demonstrate the link between your activity and the improvements and the outcomes. That is what I am not hearing from you at the moment.

[429] **Ms Cassidy:** We are collecting the data from the people who are taking part in the Communities First supported activity. We are not just gathering general data about the area.

So, this relates back to individuals.

[430] **Christine Chapman:** Right, okay. Peter, you have a question.

[431] **Peter Black:** Minister, what assessment have you made of the impact of the £10 million year-on-year reduction in the funding that Supporting People could have?

[432] **Lesley Griffiths:** I am sorry—

[433] **Peter Black:** What assessment have you made of the impact of the £10 million year on year reduction in the funding that Supporting People could have?

[434] **Lesley Griffiths:** We have obviously worked very closely with local authorities and other stakeholders—you will be aware of the Supporting People national advisory board—to consider the impact of the reductions to the budget and how they are going to have an impact on local authority funding allocations. It has been a very difficult decision to take funding from this pot of money. It is probably the biggest pot of money, so that is where the savings that we were looking for had to come from. We have tried to mitigate that as much as possible. I will make sure that I pay tribute to the budgetary negotiations with Plaid Cymru and the Liberals last year. We have also put extra money in this year for next year, out of central reserves. I am under no illusion that the reduction will have an impact on support and services. It is bound to. I think it is about working to find the best way to deploy a reduced budget and to make sure that we are still helping and supporting the most vulnerable in our communities.

[435] **Peter Black:** You have actually increased the money for homelessness, but you have cut the Supporting People programme. Do you not think that there was a relationship between the two and that the cut in Supporting People will, effectively, negate what you are doing on homelessness?

[436] **Lesley Griffiths:** Of course, there is a link between the two. One of the reasons for the decision around prioritising homelessness was the new Housing (Wales) Act 2014 that came forward—the Bill and then the Act—and, clearly, money was needed to support the introduction of that legislation. Members will probably be aware that the additional cost of the legislation was £5.9 million, as stated in the explanatory memorandum. An additional £4.9 million was allocated for this purpose. The assumptions on the prevention rates in the EM were probably a bit modest, so we think, if that exceeded the cost, it would not be so much. I have made officials very aware, as I am sure all my predecessors have done—Jocelyn included—that tackling homelessness has to be a priority. I can see what you are saying and, obviously, there is a link, but I think that it is right to prioritise this matter.

[437] **Peter Black:** I think that it is a bit more serious than that. The housing Act talks about homelessness in terms of prevention, and Supporting People is a preventative fund, which is designed to stop people ending up on the streets. Will some of this extra £4.9 million you are putting into homelessness provide some of the support that Supporting People will no longer be able to provide?

[438] **Lesley Griffiths:** That will be up to local authorities, as they are in the best position to decide what they need locally, but I am sure that that will be the case, yes.

[439] **Peter Black:** I think that there are normally some conditions around how this money is spent. Do local authorities have total carte blanche to redirect some of this money to replace Supporting People funding?

[440] **Mr Howells:** No, they do not have carte blanche. I think that it is important to

remember that the important change introduced as a result of the housing Act, in relation to preventing homelessness, generates an immediate need for a change in local authority response to that issue, which we have responded to through the funding, and then that need decays over time. The challenge was, on the back of the cross-party support that the Act generated, to support local authorities in making that preventative change, which would bring long-term benefits. The decision taken was that prioritising that element of spend in 2015-16, which will drop away slightly in 2016-17, would generate long-term benefits that were worth taking that short-term hit for on the budget more generally. So, there is not complete carte blanche for local authorities to simply slosh that money across from one heading to another. They will be required to prioritise preventing-homelessness activities, and there are requirements applied to that funding. Separately, they will have to consider the most effective way of making sure that the Supporting People budget reinforces the activities that they are engaged in, as far as preventing homelessness is concerned.

[441] **Peter Black:** So, is that money being paid directly to local authorities?

[442] **Mr Howells:** An element of the homelessness budget goes directly to local authorities to support the cost of implementing the legislation.

[443] **Peter Black:** How much of the £4.9 million goes to local authorities?

[444] **Mr Howells:** The £4.9 million is for local authorities.

[445] **Peter Black:** Does all of that go to local authorities?

[446] **Mr Howells:** Yes.

[447] **Peter Black:** Is that a direct grant or is it part of the RSG?

[448] **Mr Howells:** No, no. It is a direct grant. It is earmarked for that purpose.

[449] **Peter Black:** Local authorities will basically use that to employ staff to try to give advice, really, will they not? In terms of keeping people in their home, which Supporting People is targeted on, you are giving with one hand and taking away with the other. Is that not going to negate the spend?

[450] **Mr Howells:** That will be decided by local decisions as to SP priorities. Until local authorities and regional committees have had a chance to get their heads around the budget reduction that has been announced, we will not know the precise pattern. It is also worth mentioning that we have not been sitting around for the last few weeks waiting for the Minister for finance to take the difficult decision on the budget. There has been a discussion under way within regional committees and the Supporting People national advisory board on what the best approach should be to an expected reduction. We shared a range of figures that might apply as far as budget was concerned, and they have been thinking through, in advance of its actually being announced, how they should respond to the final budget announcement.

13:30

[451] **Peter Black:** In that discussion, did you get a feeling for what impact this £10 million cut would have on those services?

[452] **Mr Howells:** Not in relation to being able to specify particular service areas. I think the response will be different in each area.

[453] **Peter Black:** Was there anything in those responses that gave you concern?

[454] **Mr Howells:** I was encouraged that regional committees are beginning to grapple with the difficult issues around priorities that will emerge from this budget settlement.

[455] **Peter Black:** You carry out audits of Supporting People services. Are they available for public scrutiny?

[456] **Lesley Griffiths:** We would not normally publish each individual audit report, but what I intend to do, when we have all the information, is to publish an overview of that audit.

[457] **Peter Black:** You also refer in your paper to a longitudinal study of the Supporting People programme. I am not quite sure what that is, but could we have some more information on that?

[458] **Lesley Griffiths:** Yes. That is just one element of the programme's research and evaluation, which generates evidence of the longer-term impacts of the programme. There are track impact indicators and, again, I would be very happy to publish those.

[459] **Christine Chapman:** Is that okay, Peter?

[460] **Peter Black:** Yes, thank you.

[461] **Christine Chapman:** Mark, do you have a supplementary?

[462] **Mark Isherwood:** Yes. It follows the earlier question. What evaluation, if any, has been undertaken to ensure that the reduction in the Supporting People budget will not generate a higher cost in other devolved budgets? Secondly, and finally, in terms of the regional bodies that you referred to, to what extent will they have freedom to commission outcomes based on established good practice, and to what extent will they be bound by the terms of programmes and compliance with those programmes?

[463] **Mr Howells:** Shall I answer the second question first? The second question is central to the challenge that they now face. What view will they take at a regional level of the priorities that should be identified within the broad range of activities supported under Supporting People? So, it will be for those committees to decide what they think the most effective services to invest in should be. As for the evaluation, until they have taken that decision, it is too soon to be able to be too specific on that.

[464] **Mark Isherwood:** If the service provider has a programme of its own that delivers on what you are seeking to deliver—improving lives and giving people back ownership of their own lives and ability to move forward—but it does not necessarily tick the Welsh Government's programme boxes, would it be permitted to support that or would it be required to focus its funding on organisations that might not have the outcomes evidence, but which comply with all the programme requirements?

[465] **Mr Howells:** We have not changed the funding parameters that apply to Supporting People. If an activity can be supported under the programme at the moment, it will continue to be able to be supported next year. However, I would expect regional committees to look hard and long at each of the programmes—and you will be aware that there is a variety of different programmes under the programme—and be guided by the ones that have the best evidence of effect and impact.

[466] **Mark Isherwood:** Provided that they comply with the big programme.

[467] **Mr Howells:** We have not changed the rules of the programme. So, if it complies

today, it should still be eligible next year, but the question will be whether it wins out in the difficult decisions on priorities.

[468] **Christine Chapman:** Jocelyn, do you have some questions?

[469] **Jocelyn Davies:** Yes, thank you. Minister, I hope that housing is still a priority, because you do not have that in your title anymore. Anyway, I welcome that you mentioned that you had discussed your priorities with your senior officials, and I hope that housing was definitely there.

[470] Obviously, Supporting People is a revenue budget, so in terms of capital investment, can you ensure and demonstrate that continued capital investment in affordable housing delivers value for money?

[471] **Lesley Griffiths:** Yes. If I can just mention about my title, if I had everything in my title, we would be here a long time just introducing that and everything in the portfolio, but I think it is really important that people know that of course it is a priority. I have spoken at several housing conferences already, and I have made it very clear that just because it is not in the title, it does not mean that it is not a priority. It is a priority for me and it is certainly a priority for Government. I feel that I have two parts to the portfolio, really: the communities and tackling poverty; and the housing and regeneration really linked together. The way that they have been brought together will be really good as we take the portfolio forward. I have done priorities for both sides of the portfolio, if you like and, of course, housing supply is absolutely up at the top of that.

[472] All schemes that receive grant funding from the social housing grant programme are strategic priorities for local authorities. As you know, they have to meet Welsh Government criteria. They have to show that it is value for money. It is really important that the right type of housing is built at a reasonable cost. We are having a review of the social housing grant, which has just commenced this month, and I think that that will enable me to ensure that we can improve the efficiency of the grant process. What I want to see in the longer term is an increase in affordable housing, and I think that that review will help me to do that.

[473] I think that the capital investment programme that we have is a vehicle for achieving substantial community benefits in some of our poorest and most deprived areas, and that is how it links into the rest of the portfolio. I know that the Welsh Government requires contracts to achieve jobs and training opportunities, for instance, coming out of the new houses. Again, I think that that gives additional benefits, if you like, to these areas.

[474] **Jocelyn Davies:** So, you use the i2i toolkit, which is a condition of the grant by the sound of it, or perhaps in your review, you will make it a condition of the grant. I can see Mr—

[475] **Lesley Griffiths:** We have just started the review, so perhaps you could say a little bit more.

[476] **Mr Howells:** We are actually using the Value Wales toolkit at the moment, which is very similar in nature, but it is a similar idea.

[477] **Jocelyn Davies:** Okay, but that ensures that there are local benefits to the spend. Do you think that you could expand on the evidence that you have already provided to us of how the help to buy scheme is monitored and evaluated?

[478] **Lesley Griffiths:** Yes. We require our delivery agent, which is Help to Buy (Wales) Ltd to produce a comprehensive suite of reports on a fortnightly basis. They include builder

forecast reports. They monitor the information that developers provide when registering with the scheme. Specifically, that gives a forecast of the expected sales through the initiative. The completion reports monitor detail of each individual sale through Help to Buy (Wales), and they record the number of people we are able to assist in buying their own homes. The scheme is subject to an annual independent external internal audit. You will be aware that we are nine months into the scheme now, so evaluation is hopefully going to start. Well, we have got the plans under way, but the evaluation has not started. What I have said to officials is that we do not just want to monitor the evaluation that is being done in England. I think that we need very Wales-specific evaluation. So, we are going to tender for an external agent to conduct an evaluation next year.

[479] **Jocelyn Davies:** I see from your written evidence that you say that this is done through the financial transaction fund. Can you tell us anything about the repayment understanding that the Welsh Government has with the Treasury on that? Are you able to tell us?

[480] **Lesley Griffiths:** John, can you do it?

[481] **Mr Howells:** Yes, I can tell the committee that we do not yet have a finally signed agreement with the Treasury as to the fine detail of the repayment schedule. We have a proposal to make to the Treasury about what that repayment schedule should be, but for a whole variety of technical reasons that has not been signed off. The committee may recall that, under the deal on transaction finance, we have 25 years to pay it back. We take very seriously the requirement to identify how much will be required each year, and we have engaged economists in modelling what is likely to happen on help to buy to make sure that, when people repay their equity loans, the money will be available to be sent back to the Treasury. So, it is an important area of business, but the fine detail of that schedule has not been signed off with the Treasury yet.

[482] **Jocelyn Davies:** Okay, but there is no disagreement with the Treasury; it is just that the finer details are being worked up. Okay. With your Houses into Homes scheme, obviously you have put additional allocation there. Why have you done that when the initial loans will very shortly start to be repaid? This is a fund that is supposed to be replenishing itself as loans are repaid, so why have you put additional allocation there?

[483] **Lesley Griffiths:** Mainly because of the success of it. You will be aware that we have already brought a total of 4,471 homes back into use. We have got a target of 5,000 for the whole term of Government, so we are only just over 500 away from meeting that. However, the number of empty homes has gone up substantially, and I think that that is because of the success of the scheme, really. I think that the demand is sort of ahead. So, we thought that that information supported our putting new and continued investment into the scheme.

[484] **Jocelyn Davies:** So, the number of empty homes across Wales has gone up, and you are saying that that is because of the success of this scheme, but people are leaving them empty so that they can access this fund.

[485] **Lesley Griffiths:** Well, it could be. However, it is a loan, and then it is repaid, and then it is recycled by local authorities.

[486] **Jocelyn Davies:** Yes, I know that, but we would not really want people to be motivated to leave a home empty so that they could access a fund.

[487] **Mr Howells:** I could come in here, if it would be helpful. Local authorities have responded to the introduction of this fund in a very innovative and energetic way. I think that what has happened is that they have got better data as a result, and therefore it works out,



when you add it all up, that we have got more than we thought we had, because they are taking this area of business more seriously.

[488] **Jocelyn Davies:** That is because they had absolutely no motivation before for counting how many empty properties they had, but now they might have a good reason to count them.

[489] **Mr Howells:** Some of them did. Some of them were very energetic in this area prior to the grant. However, I think that the evidence is that it has been a—

[490] **Jocelyn Davies:** So, from that, I can take it that local authorities have been proactive in pointing out to owners of properties that this funding is available. Would it be available to landlords, if they wanted to do a property up and then rent it out, making it available for rent afterwards? Do you know, then, because there has been a public investment in that property, whether that rent would be an affordable rent?

[491] **Mr Howells:** Yes.

[492] **Jocelyn Davies:** Does it have to be an affordable rent?

[493] **Mr Howells:** We will be—

[494] **Jocelyn Davies:** I have asked this question to the previous Minister.

[495] **Mr Howells:** We will be looking at this. This is part of the evaluation now under way. We are trying to bring forward the data publication of that evaluation, but it will still be in the new year. We want to review the experience of these first two years in order to influence what happens as this fund recycles in the future. However, we were deliberately flexible when we started it off, because we did not know what the response would be.

[496] **Jocelyn Davies:** I know that it was not restricted to affordability afterwards, in the first instance, but you say that that has changed now—or it might.

[497] **Mr Howells:** Depending on what the evidence tells us.

[498] **Jocelyn Davies:** All right, thank you.

[499] **Lesley Griffiths:** May I just say that I did not want to give the impression that we wanted houses lying empty? It is the point that John raised, which is that only some local authorities have got data, and others have not. It was very patchy, but I think that, having brought this scheme forward, local authorities did start to take it much more seriously.

[500] **Christine Chapman:** I have two supplementary questions from Mark and Mike.

[501] **Mark Isherwood:** What conditionality has the Treasury attached to the financial transaction funding for help to buy, not in terms of repayment, which we have already covered, but in terms of the scheme terms? I note that the Welsh Government is considering, for instance, varying the price of the scheme. How much leeway have you got to do that, and how much must you use the funding in a prescribed way?

[502] **Mr Howells:** Almost complete, which is very unlike the Treasury. The Treasury wants the money back, and if we do not pay it back—well, we will have to pay it back. So, the risk that we would run if we invented unwise rules and regulations that resulted in the money not being paid back would be that we would not be able to pay back the Treasury and we would have to find the money from somewhere else. So, we are being very cautious in the

way we construct the scheme, because we will be in trouble, in my view, if we do not have that money paid back to us during the next 25 years, to pay back to the Treasury.

[503] **Jocelyn Davies:** So, you kind of guarantee a person's mortgage, in a way.

[504] **Mr Howells:** Well, I do not know.

[505] **Jocelyn Davies:** To the Treasury, for—

[506] **Mr Howells:** Oh, in relation to the deal with the Treasury, yes. It is giving us a loan and we have got to pay it back.

[507] **Christine Chapman:** Mike is next—. Sorry, Mark, did you want to finish with that?

[508] **Mark Isherwood:** There must be some conditions. Presumably, they say that you must use it to help low-cost home ownership, for example. So, what is the degree of prescription? Is it shared equity?

[509] **Mr Howells:** It comes to us under the consequential, in the block grant arrangement. We have a Barnett consequential of the transaction finance made available in England.

[510] **Mark Isherwood:** As a repayable loan, though. It is not ring-fenced—or is it ring-fenced?

[511] **Mr Howells:** It is transaction finance. It is not ring-fenced for schemes, but it is a matter for the Welsh Government budget process. You will be aware that the announcement of the additional money for housing includes additional transaction finance money.

13:45

[512] **Jocelyn Davies:** So, can I take it that you could use it for other things, but you decided to use it for help to buy because that is how you will know that you are going to get the money back in order to repay the Treasury, because it is a repayable loan?

[513] **Mr Howells:** It would have been a very different decision not to make help to buy available in Wales when it was available in England.

[514] **Christine Chapman:** Mike, it is your question now.

[515] **Mike Hedges:** I will not talk about help to buy. First of all, can I, again, welcome the empty homes initiative? I think that it has been an excellent means of bringing houses back into use. I have three questions on it. Will the £10 million meet the unmet demand that you expect to have but is not currently being met? You have unmet demand, you have put an extra £10 million in, but is that enough to cover what you think that the demand is going to be over and above that when the money is going to start coming back? The second question is: there used to be huge variation between local authorities from none to a lot, is that still the case and what is being done to enthuse those local authorities where the number is not unadjacent to zero? Loans are repayable over two and three years when a property is sold or let. What about people who actually want to live in it themselves? They do not want to sell it or let it, but they want to renovate it to live in it.

[516] **Lesley Griffiths:** Okay. I think that the additional £10 million investment in this draft budget will help to ensure that the need and demand for loans can continue to be met across Wales. On the issue around how we enthuse local authorities, and given the success of the scheme, I think that local authorities are taking it much more seriously, having looked at the

fact that we are only 500 homes off reaching our target. That shows that more local authorities have been enthused. I have asked to see a breakdown per local authority, because I want to see which local authorities need a bit of encouragement, shall I say? I will ask John to answer your last question.

[517] **Mr Howells:** That was about the flexibility—

[518] **Mike Hedges:** I can go to buy a house tomorrow—

[519] **Mr Howells:** It is a loan; you have got to pay back.

[520] **Mike Hedges:** I know, but say I go to buy a house tomorrow, I can sell it and I can rent it, but if I want to live in it, what happens?

[521] **Lesley Griffiths:** You cannot have it, can you?

[522] **Mr Howells:** This scheme is not designed for that purpose, normally. I would, however, draw your attention to the property improvement loan scheme that was launched as a pilot scheme this week, which is closer to that aim, although it is not our intention to go into the market to provide home loans or loans for home improvements in a way that competes with commercial providers. Sometimes, that makes sense in relation to people who have no other access to finance.

[523] **Mike Hedges:** You mean that this scheme is not competing with private financing—bringing in homes for sale or for rent—but if I wanted to live in the house, it would be competing.

[524] **Mr Howells:** That is not what this scheme aims to address.

[525] **Mike Hedges:** No, I am sorry. I was very specific in the question. You said that it must not be competing with other forms of finance, and I said that what you were saying was that if people wanted to rent or sell, it would not be competing, but if people want to live in the property, it would.

[526] **Mr Howells:** Local authorities need to be satisfied that they can justify that the property would not have been brought back into use without the funds that we are making available.

[527] **Jocelyn Davies:** Minister, do you think that you could consider this, because you are quite happy to give a loan to somebody to sell it at a profit for them to make a profit or for a landlord to rent it out and make a profit, but a young couple who could afford the mortgage, but could not afford to do a property up is excluded from the scheme. Maybe you would think about that.

[528] **Lesley Griffiths:** I will look at that and send a note to committee, Chair.

[529] **Christine Chapman:** Mark, do you have any questions?

[530] **Mark Isherwood:** Yes. These questions are around capital investment in housing standards and the various budget streams that the Welsh Government has included in its draft budget. What evaluation has the Welsh Government made of the impact that capital grants to improve housing standards across the sectors can have on the wider economy?

[531] **Lesley Griffiths:** All social landlords are now required to report the benefits being achieved through their capital programmes via the Value Wales measurement tool. I know

that, over the summer, officials have been working with a cohort of five registered social landlords to retrospectively evaluate community benefit outcomes on key Government programmes, using that tool. I am expecting to have those results in the very near future, so that I can have a close look at them, but I expect that they will demonstrate very significant benefits in areas such as training weeks. Again, I know that officials, over the summer, before I came to the portfolio, had been looking at working with RSLs—again, five RSLs—to capture the benefits of the schemes, and I know that those data are currently being checked.

[532] **Mr Howells:** We tend to quote Treasury figures, which suggest that every £1 million invested in improving residential property generates 31 construction jobs, on average. That is the indicator that we use.

[533] **Mark Isherwood:** Given that the major repairs allowance is linked to the Welsh housing quality standard and that the target has now been moved from 2012 to 2020 for some of those who have not yet met it, and that some local authorities, which have not transferred on the basis of tenant loans, have revised business plans to achieve WHQS approved on the basis of far lower costs than were originally made public at the time of ballot, how are you monitoring to ensure that the WHQS achievement is not merely bricks and mortar but that immediate jobs are provided for construction firms and that they are ticking the wider WHQS plus goals of sustainable community regeneration, alongside the wider fighting poverty agendas, for example, that we were talking about earlier?

[534] **Mr Howells:** It is part of the monitoring that the Minister referred to. Monitoring the community benefits is part of what we are doing at the moment.

[535] **Mark Isherwood:** So, skills, training, environmental improvements, access to services—that is all being monitored and we can have access to the data when they are available.

[536] **Lesley Griffiths:** Yes, within that measurement tool.

[537] **Mark Isherwood:** Although we know that the housing renewal area of the budget has been reduced by £3.5 million, you made reference a moment ago to financial transaction funding for property improvement loans of £5 million. Can you provide us with a little more detail on how that will operate, what the terms and eligibility might be, and what the repayment terms for those loans will be?

[538] **Lesley Griffiths:** The home improvement loan scheme has just been announced in the last few days. This is another innovative way of looking at housing finance. The intention of it is to support vulnerable people, elderly people who might not have the money to be able to afford their house repairs. So, they could get a loan through a local authority in order to do that. I do not think that we would want to see any houses falling down around people's ears. So, this is a way of helping, as I say, vulnerable people, elderly people maybe, who do not have the money to do that. I think that it will have health benefits and wellbeing benefits, and, obviously, it will help people to stay independent in their own homes.

[539] The information that came forward while this scheme came into being was that there are at least 12,000 homes in Wales in a poor condition, and, as I say, they often accommodate vulnerable people. So, I think that this pilot scheme will help us to tackle our programme for government commitment to improve the quality of housing right across Wales. It will enable landlords, for instance, in the private rented sector, and owner-occupiers, to have an interest-free loan of up to £25,000 for a maximum of five years or 10 years respectively. Local authorities will be able to charge a fee to cover their administrative costs. It has been designed very much in conjunction with local government; it was very closely involved in the discussions. So, Welsh Government will loan an amount to each local authority, using

financial transaction funding of £5 million for 2014-15, and also £5 million for 2015-16. As I say, local authorities will then loan the money out to individuals. Local authorities will then repay the amount to us, less a small allowance of up to 2.5% to cover bad debt risk. Again, that will be shared with local authorities. They can recycle the loans, as they are repaid by the homeowner over that loan period.

[540] **Mark Isherwood:** In terms of the repayment of that financial transaction funding, would the answer be the same as that provided earlier by Mr Howells?

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

[542] **Mark Isherwood:** And would that be means-tested, if it is an individual, or would it, for instance, be available for energy efficiency improvements for somebody who may not be eligible for Nest, for example, but is nonetheless living in an unsuitable property?

[543] **Mr Howells:** ‘Yes’ and ‘yes’.

[544] **Mark Isherwood:** Okay. Thank you very much indeed. What provision has been made in the draft budget allocations to implement recommendations from the review of home adaptations that is due to report shortly?

[545] **Lesley Griffiths:** ‘None’ is the short answer—as you said, it has not reported yet—until I know what comes from that review. If it is minor changes that are needed, for instance, I will be able to absorb them through my normal budget; if it is major changes that could need legislation, for instance, then we would have to look at that. However, if it was a major change that required legislation, then it would not happen in 2015-16, so no provision has been made in that budget.

[546] **Mark Isherwood:** My final question is on Gypsy and Traveller sites, for which an additional allocation of funding has been made. Is that sufficient, given the anticipated scale of demand for pitches, as outlined in your paper?

[547] **Lesley Griffiths:** Yes, I think it is, and the reason for that is that, as Members will be aware, as the Housing (Wales) Act 2014 went forward through the Assembly, there was a huge amount of analysis in relation to Gypsy and Traveller sites. One of the things considered was the approximate site of a new site, which was £1.5 million. So, there is enough funding here to have two new sites built. I think that there is also some funding left over for the refurbishment of some sites. This is just for this year, and if it comes forward that we need even more sites, which is a possibility, then we would have to go back and ask for that. It is done on the basis of a business case, as you are probably aware.

[548] **Mark Isherwood:** May I ask a supplementary question? How are you interrogating the local needs assessments supplied by local authorities to ensure that they reflect the views of the communities themselves?

[549] **Lesley Griffiths:** It is up to the local authorities to do that. They need to make the assessments and to come forward with the business case to us. On a local level, it is up to local authorities to make sure that they understand local needs and the views of the local population.

[550] **Mark Isherwood:** So, you have no means of establishing whether it does or not.

[551] **Lesley Griffiths:** That would be part of the business plan, I assume.

[552] **Christine Chapman:** We will move on. Gwyn has some questions.

[553] **Gwyn R. Price:** Good afternoon. On the third sector, has the Minister made an overall assessment of the impact of the budget allocation on the third sector and how will the Minister ensure that care will be taken to ensure that reductions are distributed fairly across the third sector? What evidence is being used to assess this?

[554] **Lesley Griffiths:** Thank you, Gwyn. The Welsh Government has been working very closely with the third sector. You will be aware of a major consultation that took place in 2013, where we completely reviewed our relationship with the third sector. There have been lots of discussions with the Wales Council for Voluntary Action, county voluntary councils and volunteer centres across Wales. These are the main recipients of the third sector budget. They have been developing their proposals to utilise the budget. I know that my predecessor had been having discussions with them about the possibility of reduced funding. The proposals for next year's budget have just been submitted to the Welsh Government, about a fortnight ago. Officials are currently scrutinising them—I am sorry, I was looking at the wrong official while saying that. We need to make sure that they reflect the criteria that my predecessor established earlier this year. It is very important that they look to collaborate far more. They have known that they have had to achieve efficiencies, as the public sector has; the third sector is no different. It is important that I—and not just me, as it affects all Ministers—and individual Ministers ensure that no regional organisation is affected disproportionately. We need to make sure that key areas of work are safeguarded, and we need to have much more discussion with the third sector about this. I will have to make some decisions on funding before Christmas, and I will be having those discussions.

[555] **Christine Chapman:** I know that Peter has some questions.

[556] **Peter Black:** I would like to come back to Communities First. Following on from my previous questions, the Minister's report on 19 June did contain information, but it was the number of interventions and not the outcomes. According to the Record of Proceedings from that day, I specifically asked the Minister about the performance indicators that he had promised, and Eleanor Marks, I think, who was there, said

14:00

[557] 'we have an outcomes framework for Communities First, which currently has just under 100 indicators. We are working with the clusters and with the Deputy Minister and Minister to sharpen those up to have some 23 or 24 key indicators in there. All the clusters are reporting against those.'

[558] When I asked her when that would be reported, she said that that would be 'out towards September'. September has now passed. When will those outcomes be published, so that we can measure the outcomes from the Communities First programme?

[559] **Ms Cassidy:** Work was done over the summer with a group looking not only at Communities First but at other related programmes, such as Families First and Flying Start, to look at what should be the key performance measures, particularly those that were common to those programmes. Within Communities First, out of those 100 or so performance indicators that were referred to before, about 19 or 20 are regarded as being the key ones, which measure the hardest outcomes. Quite often, it is difficult in terms of language—we talk about outcomes and performance measures; the performance measures that we have are ones that measure something that has benefited somebody. So, when we talk about interventions, that is measuring the volume of things, but the interventions that we are measuring are also measured against those performance indicators that tell us about the actual benefit to the person in terms of whether they are physically active, whether they have gained a qualification and so on. That work has gone on. We have already promised this information to

you, so we can highlight which of those 19 or 20 indicators are the key ones that Communities First clusters are being asked to concentrate on.

[560] **Peter Black:** Right. Eleanor Marks indicated that the baseline data would be available around mid-year. She also said that those indicators would show

[561] ‘how they have performed in year 1 of the programme’.

[562] So, what I am looking for are proper performance indicators, as it is now two years since they were originally promised, showing what the outcomes are from that Communities First investment. When will that be available to us?

[563] **Lesley Griffiths:** Chair, if my predecessor had promised something—. I know that this work has been done, because I have seen it. I know that there were over 100 indicators, and that has been brought down to, I think, 23.

[564] **Peter Black:** That is what Jeff Cuthbert said.

[565] **Lesley Griffiths:** So, I have seen the work since I came into portfolio, so I will ensure that that work is sent to you.

[566] **Peter Black:** Will that be published on an annual basis, so that we can monitor the progress of this spend and its effectiveness?

[567] **Lesley Griffiths:** If that is possible, yes.

[568] **Alun Davies:** We have come to this issue on a couple of occasions in the last hour or so, and we do seem to be having some confusion with some of the answers that we have received this afternoon. As you have agreed to write to us on these matters, it might be useful to set out how you have structured performance indicators and outcomes, and how you see that contributing to tackling poverty in the wider Government agenda. I think that it is something that we as a committee might wish to return to in the future.

[569] **Lesley Griffiths:** Yes; no problem.

[570] **Christine Chapman:** Just to be clear about the definitions and how we—

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

[572] **Christine Chapman:** That is fine. Any other questions, Peter? No. Mike, did you have any questions?

[573] **Mike Hedges:** I have only one question. First of all, I welcome the decision to prioritise Flying Start over the community facilities and activities programme; I think that that was an excellent decision. Will the additional funding for Flying Start be enough to ensure that all the buildings become able to be used for Flying Start?

[574] **Lesley Griffiths:** Yes, that is certainly my wish. I mentioned that 31,000 children are benefiting now from our target of 36,000; we will certainly reach that target. However, I know that some of the children are receiving Flying Start provision in buildings that are not sustainable. So, what I want to do now is to bring forward that programme, to make sure that not only are we benefiting the number of children that we want, but that they are in buildings that are sustainable. So, that is the reason for doing that.

[575] I think that the funding will be invested in the areas with the highest concentration of

children in Flying Start. The decision to do that was made to make sure that we get that high-quality provision in the buildings as well.

[576] **Christine Chapman:** Gwenda, do you have any questions?

[577] **Gwenda Thomas:** Is there evidence that Welsh Government support for credit unions is achieving value for money?

[578] **Lesley Griffiths:** The short answer is 'yes'. We had an evaluation of the credit union project earlier this year, and that identified the need to quantify the number and value of loans. This was implemented through £1.9 million in funding that is now in place in credit unions. We know that over 2,200 loans were awarded to financially excluded individuals in the first quarter of this year. They have a value of £1.4 million, and I think that we can safely say that, for a lot of these people, if they had not been able to go to credit unions, they would perhaps have gone to lenders charging much higher interest. The number of members has gone up. I know that I have promised this to Peter Black already, but I am awaiting the new number of credit union members.

[579] **Peter Black:** I have received it.

[580] **Lesley Griffiths:** Have you received it? That is even better. I knew that the figure was going to be out this week. We now have 79,064 members. That is a 45% increase in membership since March 2012, so I think that we can see that there is a significant rise.

[581] **Christine Chapman:** I will bring Mark in with a supplementary question.

[582] **Mark Isherwood:** What evaluation, if any, has been undertaken of the marketing scheme that was successfully led by the North Wales Credit Union Ltd, in terms of attracting middle and higher income earners, in order to get a savings and investment stream that would underwrite an expansion of services, as the sector seeks to do?

[583] **Lesley Griffiths:** We do not have a breakdown of the north Wales campaign. However, as I said, we have seen a significant rise in the membership number. I will look for that level of detail, but I do not think that we have it. If we have it, I will certainly let the Member know.

[584] **Mark Isherwood:** At the North Wales Housing annual general meeting last year, it was made quite clear that the objective was to target non-traditional credit union investors, and to make them see it as a home of first choice for their investments, thereby enabling it to start offering smaller, shorter-term loans, through to mortgages, as more advanced credit unions in places like the United States and Australia are already doing.

[585] **Lesley Griffiths:** I know. I am due to meet the North Wales Credit Union in the not-too-distant future, so I can perhaps ask that question to see if it has that information.

[586] **Mark Isherwood:** What discussions have you had, or are you intending to have, with the Association of British Credit Unions Ltd regarding the joint working of the Welsh Government-funded schemes with the credit union expansion programme?

[587] **Lesley Griffiths:** I have not had any discussions yet. I do not know whether officials have had any discussions.

[588] **Ms Cassidy:** Yes, we keep in touch with the Department for Work and Pensions on the ABCUL project, and we make sure that anything that either side is doing is complementary, rather than duplicating any support.



[589] **Christine Chapman:** I have a very quick supplementary question from Peter, and I will then go back to Gwenda.

[590] **Peter Black:** Minister, the information that you have given me is about the increase in membership of credit unions. However, you do not have quality information on the breakdown of that membership, in terms of tier 1, tier 2 and tier 3. In terms of the sustainability of credit unions, it is very important that you get those higher income people to be members. Are you looking to try to improve the quality of the information that you have, so that you are better able to monitor the sustainability of credit unions and work with them to try to help them with that?

[591] **Lesley Griffiths:** Yes. You have asked me this question, and we do not have the information about tier 1, tier 2 and tier 3 membership. However, we are certainly looking to see if we can get that information and get, as you said, better quality data to help us as we go forward with this.

[592] **Gwenda Thomas:** You touched on this earlier, Minister, but how are the recommendations of the advice service review reflected in draft budget allocations?

[593] **Lesley Griffiths:** I mentioned before the need to try to stop people from getting into debt in the first place. The review recommended that we fund not-for-profit advice services to make sure that there is free and independent advice available for individuals who need that support and guidance. We have increased our financial support for these services in 2015-16. We have targeted areas where we know that welfare reform is having a significant impact as well. We have done it in line with our strategic priority of tackling poverty and inequality.

[594] We are also investing in the establishment of a national advice network, which was another key recommendation of the review. I hope that that will drive much better collaboration between the advice services, so that people can access advice much quicker. I would like to see more one-stop shops, for instance, so that people only have to go to one place, rather than trying to seek advice out in a variety of places.

[595] Another thing that I have asked officials to look at is the consistency and the quality of those services, because that is very important. I do not want to create a postcode lottery. I want those services to be of a very high standard right across Wales. We have increased it by £2 million for 2014-15—well, my predecessor did—and I certainly want to do the same for next year, because those services are needed now more than ever.

[596] **Gwenda Thomas:** Do we make a link with the county court service, for example, or judgments against people? Do we reflect on that when we consider the effects of debts on regions, or even communities?

[597] **Ms Cassidy:** Yes. Some of the advice that we are supporting is that specialist advice that does help people when they have to appear before a tribunal, for example, although clearly the object is to give people advice earlier so that they do not end up in a tribunal in the first place.

[598] **Lesley Griffiths:** I would just like to add that there are groups of people with protected characteristics, such as black and minority ethnic people, who need specific assistance. As Kate said, if they are appealing or they have to go to court, it is very important that those people with protected characteristics also have specific services that they can go to. That was another thing that was looked at following the review.

[599] **Gwenda Thomas:** Do we have numbers on the people who receive custodial

sentences because of debts?

[600] **Ms Cassidy:** We would have to look for those figures and obtain them.

[601] **Gwenda Thomas:** Thank you for that. Can you, Minister, provide further details, as you have given us some, of what the evaluation of the discretionary assistance fund will include, and in particular whether there will be an analysis of outcomes for individuals?

[602] **Lesley Griffiths:** The evaluation is under way, as you are probably aware. I am expecting it to report by the end of this year. It is a process evaluation. It will look at how the fund is operated and how that accords with our expectation for equity of treatment, efficient delivery and ease of applying. Once it has reported, we can have a look at the effect that the fund is having on the recipients' lives. Outcome evaluation will then follow at a later stage. What needs looking at is whether it is being implemented as we intended. It is very important that we know that that is the case. We will also assess whether Northgate, our contractor, established the fund in accordance with its intended design and mode of operation, because, once again, that is very important, and to see that it has properly embedded all expected financial processes and that it is implementing them as well. It is obviously a demand-led fund, and we have also increased the number of organisations able to refer to it, because there was a need for that as well. We have also increased the levels of contributions. However, the most important thing is that we know that it is being used for its intended purpose.

[603] **Gwenda Thomas:** If my memory serves me rightly, the social fund was not bottomless, and, indeed, there was a certain allocation for a financial year and, very often, funds would run out before the end of that time, so that it was on a first come, first served basis, really. Are we able to avoid that kind of problem with the discretionary fund?

[604] **Lesley Griffiths:** Yes, you are quite right; it was a £10 million fund. We did not spend it all, and that is why we have been able to put more money into advice services. I would like to think that we administer it better—I was looking at the wrong official again as I said that—than the social fund was administered, and that is why we have been able to do it more efficiently and effectively.

[605] **Gwenda Thomas:** Good.

[606] **Christine Chapman:** We have another Minister coming in shortly, and I want to take a very short break before that, because we need to do that. We have about 10 minutes, so can Members be as concise as possible? I call on Mark first.

[607] **Mark Isherwood:** On the advice services review, I would like to declare that one of my daughters is a debt and welfare adviser for a social enterprise in north Wales—an excellent social enterprise. *[Laughter.]*

[608] What provision have you made for emergency advice? My daughter advises me that, whereas some of the larger bodies that you have funded provide excellent advice, there is usually a queue and a wait, sometimes for weeks, but she deals with people in an emergency who often need that advice within a week. It seems that there is a gap in that area.

14:15

[609] **Lesley Griffiths:** That is not an issue that has been raised with me. I do not know whether you want to raise something specifically with me. If you want advice, you want advice straight away. You do not want to wait a week or two. The fact that we have put the funding in to try to prevent people going into debt and financial difficulties would mean that advice would be available as quickly as possible. Nothing has been raised with me

specifically about emergency advice.

[610] **Mark Isherwood:** For people in crisis, it is a big issue.

[611] **Christine Chapman:** Rhodri, did you want to ask your questions?

[612] **Rhodri Glyn Thomas:** Weinidog, cafodd fframwaith Lleoedd Llewyrchus Llawn Addewid ei lansio ym mis Mawrth 2013, sydd tua 18 mis yn ôl. Pa gyfraniad y mae wedi'i wneud i'ch ymrwymadau chi yn y rhaglen lywodraethu ar adfywio?

**Rhodri Glyn Thomas:** Minister, the Vibrant and Viable Places framework was launched in March 2013, which is about 18 months ago. What contribution has that made to your commitments in the programme for government on regeneration?

[613] **Lesley Griffiths:** The prospectus was launched in March 2013. The project only started in April this year. So, it is probably a bit early to have a major evaluation. I met last week with all the officials who are monitoring the various VVP initiatives across Wales. Obviously, it will continue to deliver towards the indicators we have set. It is delivering on specific programme for government commitments. You will be aware that it is based on Communities First areas, and we also have our coastal seaside towns and town centres. It will make a contribution to the tackling poverty agenda by ensuring that, in the regeneration areas, we are delivering a small number of focused and co-ordinated regeneration programmes. So, each local programme has an evaluation programme embedded within it. As I say, it only really started in April this year.

[614] **Rhodri Glyn Thomas:** Mae hanner ffordd drwy'r rhaglen ariannu tair blynedd sy'n dod i ben yn 2016-17. Mae £48.4 miliwn wedi'i ddosrannu'n barod ar gyfer hynny. Mae ymrwymiad o £100 miliwn dros y tair blynedd. Byddai rhywun yn tybio y dylem fod yn disgwyl gweld rhywbeth erbyn hyn, hanner ffordd drwy'r rhaglen honno.

**Rhodri Glyn Thomas:** It is halfway through the three-year funding programme that is coming to an end in 2016-17. Some £48.4 million has already been distributed for it. There is a commitment of £100 million over the three years. One would suspect that we should be expecting to see something by now, halfway through the programme.

[615] **Lesley Griffiths:** I will say it again: the funding only started going out in April this year. So, we are only six months into the first year. We are not halfway through the three years, because we are only six months into the three years. I know what you are saying, but it was the prospectus that was launched in March 2013. It started funding in April of this year. So, the results will not be known for some time, but, as I say, a local evaluation programme is embedded. There will be a national evaluation, which I think will start mid-term. I am looking at John on that one.

[616] **Mr Howells:** It will be before then, now that we know what projects are being funded.

[617] **Lesley Griffiths:** Yes, we could not really set that up. The local evaluation programmes were embedded from the beginning.

[618] **Rhodri Glyn Thomas:** Gan nad oes gwerthusiad ar hyn o bryd, beth yw eich gobeithion? Rydym yn sôn am swm sylweddol o arian—£100 miliwn dros dair blynedd. Byddai rhywun yn disgwyl y bydd yn gwneud gwahaniaeth. Beth yw eich disgwyliadau chi o ran y gwahaniaeth hwnnw?

**Rhodri Glyn Thomas:** Given that there is no evaluation currently, what are your hopes? We are talking about a significant amount of money here—£100 million over three years. One would expect that to make a difference. What are your expectations in terms of that difference?

[619] **Lesley Griffiths:** It is a significant amount of funding. One area that I would want to see a big effect in is housing. In quite a few of the plans that I have had a chance to look at, there is a significant amount of input into getting more affordable housing. In Wrexham, in my constituency, I have been aware of that one for a lot longer than I have been aware of it across Wales. In Wrexham, we are hoping for much more significant affordable housing. We can certainly share the local evaluation at the right time. Regarding the national evaluation, we are starting to look at how we are going to do that.

[620] **Rhodri Glyn Thomas:** Fe gyfeirioch chi yn y fan honno at y gwaith yr ydych yn gobeithio ei wneud ynglŷn â thai. Mae £5 miliwn wedi'i glustnodi ar gyfer tai gwag. A yw hwn yn £5 miliwn ychwanegol i'r arian yr oeddech yn sôn amdano yn gynharach?

**Rhodri Glyn Thomas:** You referred there to the work that you are hoping to do on housing. Some £5 million has been earmarked for empty homes. Is that an additional £5 million to the money that you talked about earlier?

[621] **Mr Howells:** Os yw'n dod o gyllideb Lleoedd Llewyrchus Llawn Addewid—

**Mr Howells:** If it comes out of the budget for the Vibrant and Viable Places—

[622] **Rhodri Glyn Thomas:** Mae'n dod allan o'r cynllun benthyciadau i ganol trefi.

**Rhodri Glyn Thomas:** It is coming out of the loan scheme for town centres.

[623] **Mr Howells:** Mae hynny'n arian ar wahân i leoedd llewyrchus.

**Mr Howells:** That is separate funding from the VVP.

[624] **Rhodri Glyn Thomas:** Mae ar ben yr arian—

**Rhodri Glyn Thomas:** It is in addition to the funding—

[625] **Mr Howells:** Mae'n arian ychwanegol i'r arian arbennig sy'n gorfod cael ei dalu'n ôl. Mae arian lleoedd llewyrchus yn arian grant na fydd yn cael ei dalu'n ôl—

**Mr Howells:** It is in addition to the money that will have to be paid back. The VVP funding is grant funding that is not paid back—

[626] **Rhodri Glyn Thomas:** Felly, mae hwn yn swm ychwanegol o arian ar ben—

**Rhodri Glyn Thomas:** So, this is in addition to the—

[627] **Mr Howells:** Mae'r arian ar gyfer canol trefi yn swm ychwanegol. Mae'n arian gwahanol.

**Mr Howells:** The money for town centres is an additional sum. It is different funding.

[628] **Rhodri Glyn Thomas:** Diolch.

**Rhodri Glyn Thomas:** Thank you.

[629] **Jocelyn Davies:** May I ask a question while we are on evaluation?

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

[631] **Jocelyn Davies:** You said that the local evaluation is embedded in the programme. Does that allow things to change as the programme goes on, rather than wait until the end and say, 'If we were doing this again, we would do it differently'? That embedded evaluation allows—. Does it?

[632] **Lesley Griffiths:** There is flexibility, is there not? It is not major—.

[633] **Mr Howells:** It depends.

[634] **Lesley Griffiths:** It depends, but there is flexibility.

[635] **Mr Howells:** There is a requirement to evaluate locally and there are rules governing virement and changes to programmes that need to be cleared by Ministers, because we are not in the business of being too flexible. However, clearly, if there was evidence that suggested that there was a need for change, we would need to consider that and respond.

[636] **Christine Chapman:** Peter is next.

[637] **Peter Black:** Before I come on to my question, could I just do a quick follow-up on regeneration? In relation to the regional investment fund for Wales—I am not expecting you to comment on it or say anything—there was money that came to the Government when that was disbanded. Is that money still there to be spent once the issues around the regional investment fund for Wales have been resolved?

[638] **Mr Howells:** Yes.

[639] **Peter Black:** That is all I wanted to know, thank you. Good.

[640] Moving on to my question, in terms of the Well-being of Future Generations (Wales) Bill, have you had any discussions with any public bodies designated in that Bill that are under your remit on the resource implication to deliver the requirements of the Bill?

[641] **Lesley Griffiths:** There are not any within my portfolio.

[642] **Peter Black:** In terms of the renting homes Bill, for which we are obviously still waiting, will it have an impact on budget allocation for 2015-16?

[643] **Lesley Griffiths:** No. The plan is still to introduce the Bill early next year, so, with the passage of time that it would take to take it through the Assembly, it will not have any impact on that year's budget.

[644] **Peter Black:** In terms of legislation that has gone through the Assembly, there is enough money in your budget to deal with any implications of that legislation.

[645] **Lesley Griffiths:** Yes, I could take that from my existing budget.

[646] **Peter Black:** That is fine. Thanks.

[647] **Christine Chapman:** Alun is next.

[648] **Alun Davies:** May I come in very quickly on the Well-being of Future Generations (Wales) Bill? I was interested in your very quick reply that there are no financial implications at all. One of the purposes of that Bill is to change the way that public bodies can operate and, in doing so, I imagine that that would mean a change in decisions and to operate in a different way. If that is the case, surely no-one is in a position to know whether there are financial implications.

[649] **Lesley Griffiths:** That is not what I said. I was asked whether there were any public bodies designated in the Well-being of Future Generations (Wales) Bill within my portfolio and there are not any.

[650] **Alun Davies:** There are none at all.

[651] **Lesley Griffiths:** No.

[652] **Alun Davies:** That is interesting.

[653] **Christine Chapman:** Right. We will finish this session now. There are no other questions, Minister, so 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.

[654] We will take a very short break. We need to start back at 2.30 p.m. with the next Minister, so we will take a very quick break for five minutes.

*Gohiriwyd y cyfarfod rhwng 14:23 ac 14:30.  
The meeting adjourned between 14:23 and 14:30.*

**Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2015-2016—Sesiwn  
Dystiolaeth gan y Dirprwy Weinidog Diwylliant, Chwaraeon a Thwristiaeth  
Scrutiny of Welsh Government 2015-2016 Draft Budget—Evidence Session from  
the Deputy Minister for Culture, Sport and Tourism**

[655] **Christine Chapman:** Welcome back, everyone. This item, again, is scrutiny of the Welsh Government 2015-16 draft budget. We are now taking evidence from the Deputy Minister for Culture, Sport and Tourism. I would like to welcome the Deputy Minister for Culture, Sport and Tourism, Ken Skates, Huw Brodie, director of culture and sport, and also Huw Davies, head of finance, culture and sport. So, welcome to you all.

[656] **The Deputy Minister for Culture, Sport and Tourism (Kenneth Skates):** Thank you.

[657] **Christine Chapman:** Members will have read the evidence that you have sent, so we will go straight into questions. I just want to start off, Deputy Minister. Obviously, there has been a change in this portfolio. Your portfolio has been moved to within the economy, science and transport department. Could you expand on whether you feel that this has reflected a change in priorities and what implications this has had on budget allocations?

[658] **Kenneth Skates:** Thank you, Chair. The budget allocations were made prior to the reshuffle. That said, changes within Government and going into economy and science, I think, provide us with an opportunity to be able to boost participation in and attendance at national museum sites and Cadw sites, particularly, by closer joint working between the likes of Visit Wales and those bodies.

[659] **Christine Chapman:** Thank you. Alun, did you want to come in on anything?

[660] **Alun Davies:** Yes. One of the conversations that we have been having through the day is how the budget allocations are shaped now. I think that you are the first Minister to tell us that the budget was determined prior to the reshuffle, and perhaps it would have been easier if every Minister had done so. However, to your knowledge and in the best way that you are able to answer this—. The Government has very clear principles and priorities, which it says shape budget allocations and budget decisions, while, at the same time, it says that there are stakeholder processes in place that also shape and influence those budget allocations. Could you describe to us how those processes work within your portfolio and, specifically, how stakeholders have both been involved in the budget process and have shaped decisions?

[661] **Kenneth Skates:** Of course, there are also the remit letters that are sent out, which

reinforce programme for government ambitions. However, there was an exercise carried out with one of the bodies to make sure that it was able to provide us with details of the consequences of certain reductions, were they to take place. Huw, would you like to say a few words on this?

[662] **Mr Brodie:** Sure. We had a very structured process, in fact, with all our sponsored bodies back in the summer where we not only met them to discuss the budget process, but asked them for information on a whole range of different scenarios, including potential impacts. So, we took all that into account. As I said, there were discussions with them at senior level on that, and that was all factored into the advice that went to Ministers.

[663] **Alun Davies:** I understand that. I am looking at the numbers here. Quite a number of your budgets are funding external bodies, museums and elsewhere, and probably more so, proportionally, than other departments. So, the role of external stakeholders in your area is probably greater, arguably, than in other portfolios. In answering the question, you have described the process. What I would like you to do now is to answer a question as to what was the consequence of that process, how individual budget allocations were shaped by that process and whether stakeholders had a direct influence on that or whether the stakeholder process was the background that you went through, and then you sat in Cathays park and took the decisions.

[664] **Mr Brodie:** The process that we went through, given that the baselines that we had for 2015-16 were showing reductions anyway and, in addition, there was an extra level of reduction that had to be apportioned, was really focusing on what would be the consequences, in particular, of further budget reductions, trying to work out what the impact of that would be, and what the impact would be on particular institutions, on their sustainability, as well as the equality impacts and impacts on delivery. So, that was then drawn together and discussed with the Minister. As I said, we had discussions on a number of occasions with the senior officials of the bodies concerned but, obviously, at the end of the day, that advice has to go to Ministers for them to make the difficult judgment about where the pain could be accommodated most satisfactorily. If you want a particular example, I think that I would highlight the allocation to the national library, because the baseline actually showed already a planned £200,000 reduction between 2014-15 and 2015-16. In the light of the discussions and analysis with the national library, the ministerial decision was to leave that unchanged rather than to actually apply any extra additional cut whereas, of course, many of the budget lines had to take an extra cut because the overall budget line for next year was £1.9 million lower than it was planned to be when the baseline for 2015-16 was set previously.

[665] **Christine Chapman:** Is that okay, Alun?

[666] **Alun Davies:** Yes. I am just looking at the numbers.

[667] **Christine Chapman:** Peter has some questions.

[668] **Peter Black:** Deputy Minister, how do you expect figures for participation in the arts to improve, given the reduction in funding that you propose for this spending programme area?

[669] **Kenneth Skates:** It is a very good question about the link between revenue funding and participation. The correlation is not quite clear between the amount that you put in in terms of revenue funding and participation. It is very much linked to a multitude of other factors, including the level of disposable income that people have at any given point in time. There are two, I think, exciting developments that, in my view, will lead to people participating more in the arts. First, there is the follow-up to Dai Smith's review, and, secondly, there is the Kay Andrews review as well, which I think could see a large number of

people, particularly young people and, therefore, their families, engaged in the arts in a way that they have not been previously. So, in attracting and engaging new people within the arts, my hope would be that we would then see, overall, an increase in participation.

[670] **Peter Black:** You have reduced the allocation to the arts council and yet the Government's own assessment is that this will lead to some negative impact for children and young people, disabled people, lower socioeconomic groups, sustainable development, and the Welsh language. Is that justifiable?

[671] **Kenneth Skates:** Well, on the back of that, we will also be sending out the remit letter that will reiterate the Government's priorities to make sure that we militate against adverse impacts on those groups that you have identified.

[672] **Peter Black:** Would you expect that the funding that you put into the arts will primarily benefit the people of Wales?

[673] **Kenneth Skates:** That would be my hope.

[674] **Peter Black:** You may be aware of a particular row about the Welsh National Opera, whose programme next year is taking it to Birmingham, Plymouth and Milton Keynes but not to Swansea. Why is that the case?

[675] **Kenneth Skates:** That may not be the case; I am in discussions with the WNO over that. The WNO has an incredibly strong brand, which then can attract people into Wales. In terms of its marketing value, it is quite incredible. I hear what you say about the WNO going out of Wales. Equally, a lot of national operas and organisations in the arts from other countries travel to the UK and, in doing so, promote the arts in those countries. The aim would be to—. You mentioned Birmingham, but particularly the aim is to attract people from our key areas, where the day trip visitors and holidaymakers come from, for example, and making sure that the work of the WNO aligns well with the tourism strategy and the target audiences in the north-west, the west midlands and the south-east, as well as those new key markets of Germany and the United States. So, I do think that there is a role for the WNO and other organisations to, if you like, market Wales abroad, based on one of our greatest assets, which is our passion for the arts.

[676] **Peter Black:** I am well aware that the WNO does some very valuable missionary work in England. I once turned up at Salisbury Cathedral to find the WNO already camped there. In terms of the Swansea thing, are you telling us now that that decision will be reversed?

[677] **Kenneth Skates:** I am not telling you that it is going to be reversed; I am telling you that I am in discussions with the WNO over that development.

[678] **Christine Chapman:** I think that Huw wants to come in on this.

[679] **Mr Brodie:** Yes, just to explain that, actually, 60% of the WNO's funding comes from Arts Council England, rather than the Arts Council of Wales. We just need to remember that.

[680] **Peter Black:** So, the English fund our missionary work in England.

[681] **Mr Brodie:** I think it is recognition, actually, of how highly they think of the WNO.

[682] **Peter Black:** I was being flippant, Huw—



[683] **Mr Brodie:** In the last funding round, it actually cut the English National Opera budget very substantially, but did not cut the WNO budget much at all.

[684] **Kenneth Skates:** I think the Member raises a very important point here about the arts not just benefiting the people of Wales directly, but also indirectly through increased visitor spend. Certainly, we know that the reasons that people come to visit Wales are largely based around our incredible natural environment, our heritage and our thriving arts and culture. So, investing in the arts for the purpose of attracting more visitors to Wales is, I think, very important.

[685] **Christine Chapman:** I have a couple of supplementary questions. The first is from Rhodri Glyn and then Alun wants to come in.

[686] **Rhodri Glyn Thomas:** Diolch, Gadeirydd. A gaf, yn y lle cyntaf, ddweud yn glir iawn bod Opera Cenedlaethol Cymru yn gwmmi opera rhyngwladol o'r safon uchaf, sy'n gallu cystadlu ag unrhyw gwmmi opera ledled y byd? Rydym yn hynod o lwcus fod y cyngor celfyddydau yn Lloegr yn cydnabod hynny ac yn talu dros hanner cyllideb y cwmmi; ni fyddem yn gallu cynnal cwmmi o'r fath o fewn cyllideb y Dirprwy Weinidog. Mae'n gwneud gwaith eithriadol o bwysig o ran proffil y celfyddydau yng Nghymru, fel bod pobl yn y Deyrnas Unedig a ledled y byd yn gweld bod cwmmi o'r fath yn cynrychioli Cymru.

**Rhodri Glyn Thomas:** Thank you, Chair. First, may I say very clearly that the WNO is an international opera company of the highest quality, which can compete with any opera company across the world? We are very lucky that Arts Council England recognises that and pays more than half of its budget; we would not be able to maintain such a company within the Deputy Minister's budget. It does extremely important work in terms of the profile of the arts in Wales, so that people in the United Kingdom and across the world can see that such a company represents Wales.

[687] Y cwestiwn yr oeddwn am ei ofyn oedd y cwestiwn blaenorol y gofynnodd Peter Black i chi ynglŷn â'r asesiadau hyn o effeithiau negyddol. Rydych yn cyfeirio atynt mewn ffordd gyffredinol iawn. Mae synnwyr cyffredin yn dweud y bydd torri cyllideb yn cael rhyw effaith, beth bynnag yr ydych yn trio ei wneud trwy'r llythyr cylch gorchwyl i geisio annog y cyngor celfyddydau i fod mor effeithiol ac effeithlon ag y gall fod. A ydych yn gallu'n cyfeirio at rai o'r effeithiau negyddol hyn? Rwy'n meddwl am bobl ifanc, pobl ag anabledd a'r iaith Gymraeg. A oes pethau penodol rydych yn poeni amdanynt yr effeithir arnynt yn andwyol oherwydd y toriadau yn y gyllideb?

The question that I wanted to ask was the previous question that Peter Black asked you regarding the assessments of the negative impacts. You refer to them in a very general way. Common sense says that, if you cut the budget, then that will have some impact, whatever you try to do through the remit letter to try to encourage the arts council to be as effective as it can be. Can you refer us to some of these negative impacts? I am thinking about young people, people with disabilities and the Welsh language. Are there specific things that you are concerned about that will be affected because of these cuts in the budget?

[688] **Kenneth Skates:** Thank you. In terms of young people, I do think that the work that will be carried out subsequent to Dai Smith's review will address concerns about participation by young people. I really think that the investment that is being provided there—£10 million over five years—will provide many opportunities for young people. In terms of the Welsh language, as part of our exercise in engaging with the bodies, we have asked them for impact assessments, including an assessment of impact on the Welsh language. It would be my hope, again, that first-language Welsh speakers will not be adversely impacted or harmed in any way by the cuts to the revenue budget. Huw, do you have any tangible—?

[689] **Rhodri Glyn Thomas:** Your paper talks about some negative impacts. However, you are telling me that there will not be any or that you hope there will not be any.

[690] **Kenneth Skates:** No, I think there will be negative impacts, but I do not think that it is necessarily the case that you can predict that those impacts will be on the priority groups of this Government.

[691] **Rhodri Glyn Thomas:** Well, your paper talks about some negative impacts and it specifically refers to children, young people, disabled people, lower socioeconomic groups, sustainable development and the Welsh language.

14:45

[692] **Mr Brodie:** Those are certainly potential negative impacts there. The first thing I would say is that the whole process of equality impact assessments is trying to work out the potentially disproportionate impacts. As the Minister was saying, it really does focus on how we work with the arts council from here on in terms of its remit letter for next year, because it still does have quite a significant budget, and there are trade-offs and choices—painful ones, I am sure—that need to be considered within that. It has some particular programmes that are particularly targeted on things that have very strong equality impacts, and one of the things that the Minister will need to weigh up in deciding how to set the remit letter is what priority to attach to those areas of work in distinction to some of the other areas. Of course, it is a matter for the arts council itself, as an arm's-length body, once it has the remit letter, to work out particularly what spending decisions to take, but there will be a lot of discussion that we need to have in the light of the impact assessment, to mitigate the potential consequences of what could happen if the cuts were applied in particular ways.

[693] **Rhodri Glyn Thomas:** Rwy'n derbyn bod cyllideb sylweddol yn dal yn bodoli ar gyfer cyngor y celfyddydau, ond bydd y ddau ohonoch—y ddau Huw—yn gwybod bod ei gyllideb naill ai wedi cael ei gadael fel yr ydoedd, neu wedi cael ei chwtdogi i ryw raddau, os ydych yn edrych ar chwyddiant, am saith mlynedd erbyn hyn, ac wrth gwrs, mae galwadau ychwanegol o ran yr hyn sy'n ddisgwyliedig ganddo. Mae'n rhaid bod hynny'n cael effaith negyddol yn rhywle.

**Rhodri Glyn Thomas:** I accept that there is a substantial budget that still exists for the arts council, but both of you—Huw and Huw—will know that it has been a budget that has either been left as it was, or has been cut to some extent, if you look at inflation, for some seven years now, and of course, there are other demands on it in terms of what is expected from it. That must have a negative impact somewhere.

[694] **Mr Brodie:** Ond mae'r un darlun yn wir, rwy'n siŵr, ym mhob elfen o'r gyllideb sydd gennym. Mae pob corff yn gallu adrodd bron yr un stori, yn enwedig o ystyried chwyddiant. Nid yw'n ddarlun penodol i gyngor y celfyddydau sy'n wahanol iawn i'r hyn y mae cyrff eraill wedi ei wynebu.

**Mr Brodie:** However, the same picture is true, I am sure, for every part of the budget that we have. Each body could tell the same story, particularly if you take inflation into account. It is not a specific picture for the arts council that is very different from what other bodies have faced.

[695] **Rhodri Glyn Thomas:** Felly, o ran yr effeithiau negyddol hyn dros saith mlynedd, a allwch gyfeirio at unrhyw bethau sydd wedi cael eu torri neu eu lleihau o'r herwydd?

**Rhodri Glyn Thomas:** So, in terms of these negative impacts over seven years, can you refer to anything that has been cut or reduced?

[696] **Mr Brodie:** Ar hyn o bryd, mae'r

**Mr Brodie:** At present, the council has had

cyngor wedi cael y cynllun *Reach for the Heights*, er enghraifft, ac wedi bwrw ymlaen yn sgîl hynny gyda'r cynllun Momentum. Bydd angen arno ystyried dyfodol y cynllun hwnnw, a bydd hynny y tu mewn i'r cyddestun y bydd y Gweinidog yn ei osod yn y *remit letter*. Bydd angen ystyried sut mae'n gallu lleihau sgîl effeithiau a all ddigwydd.

the Reach for the Heights scheme, for example, and it has moved forward subsequently with the Momentum scheme. It will need to consider the future of that scheme, and that will be within the context that the Minister was set in the remit letter. There will be a need to consider how it can reduce the potential consequences.

[697] **Alun Davies:** Following on from the conversation on the national opera, I share Rhodri's view that the national opera is a world-class institution and one that needs to be supported within and without our borders. I have a concern about one of the things that the national opera does extremely well, namely reaching out to people who would not necessarily attend opera or choose to attend opera. Some of the schemes that it is running, in reaching out to different communities in Wales, are absolutely fundamental to our approach to the arts in Wales, to ensure that the arts are democratic, accessible to people and, also, that there is that outreach work, so that the national opera is not simply an institution based in the bay here in Cardiff or an institution that visits Swansea and elsewhere, but an institution that is able to touch communities up and down the country. In your conversations, Deputy Minister, with the national opera, have you had an opportunity to assess, and discuss with the opera, how these outreach activities may potentially be affected by budgetary considerations? If you have had such an opportunity, perhaps it is possible for you to outline to us how you believe these outreach activities could be protected and maintained and, hopefully, enhanced in the future.

[698] **Kenneth Skates:** I have not had an opportunity yet to discuss it with Welsh National Opera. However, one of the ideas that I have for outreach is to make better use of emerging digital technologies as well, so that we can potentially see more performances broadcast. That is one area that I shall be looking at developing some programmes with them on.

[699] **Jocelyn Davies:** You mentioned the remit letters earlier. You have not done them yet, I guess, have you? Or are they in production at the minute?

[700] **Kenneth Skates:** They are in production.

[701] **Jocelyn Davies:** You are drafting them at the minute. Will you be laying out specific outcomes and outputs that you expect to get from outside organisations over the coming year?

[702] **Kenneth Skates:** There will be specifics within that, some of which I can give you in terms of ideas for the next year for the arts council—some specific examples.

[703] **Jocelyn Davies:** Okay.

[704] **Kenneth Skates:** These include the completion of creativity in the arts and strategy for the arts, maximising attendances and increasing and broadening engagement and participation, input into the national plan for creative learning, the successful delivery of all milestones for 2014-15 within the national plan for creative learning, and there will be an update on progress in implementing the child poverty programme.

[705] **Jocelyn Davies:** I see. So, it is quite detailed in terms of the specific things that you want.

[706] **Kenneth Skates:** Yes.

[707] **Jocelyn Davies:** How did it do in meeting the specific things that it was asked to do last year? Obviously, you were not the Minister responsible for this field then, but I imagine

that the officials could respond, because it has this letter every year, does it not?

[708] **Mr Brodie:** It does.

[709] **Jocelyn Davies:** Is it as detailed as that every year?

[710] **Mr Brodie:** Yes, it is. We would need to write, Chair, if we were going to provide a detailed response on how it has done in previous years. Obviously, we are still in the process of monitoring its progress this year against the remit letter that was—

[711] **Jocelyn Davies:** However, generally, how does the arts council do in meeting the requirements of the remit letter?

[712] **Mr Brodie:** It does very well.

[713] **Jocelyn Davies:** I assume that, when the Deputy Minister writes the remit letter, there is a response that states, ‘Yes, we can tick these things off’. This is something that you will certainly be keeping an eye on, is it?

[714] **Kenneth Skates:** Yes.

[715] **Jocelyn Davies:** Thank you. For the other organisations, obviously—

[716] **Kenneth Skates:** Yes, absolutely.

[717] **Jocelyn Davies:** In relation to this additional funding going to Arts & Business Cymru, how effective is that organisation, and what outputs are you expecting from it for the extra funding that you are giving this year for something that is quite specific, I think?

[718] **Kenneth Skates:** It is not necessarily getting additional money from the Government.

[719] **Jocelyn Davies:** I am sorry; I misunderstood that, then.

[720] **Kenneth Skates:** It is getting additional funding from within culture and sport to supplement the loss of funding from the Department for Education and Skills. The funding from DfES has stopped, so it is being supplemented by arts council and Government support.

[721] **Jocelyn Davies:** However, it is Government money.

[722] **Kenneth Skates:** Yes, it is Government money.

[723] **Jocelyn Davies:** So, what is it expected to do for that? Is it just expected to maintain what it was doing before?

[724] **Kenneth Skates:** I have asked for the key performance indicators, which are coming through to me at the moment on Arts & Business Cymru.

[725] **Jocelyn Davies:** So, you cannot tell me how that will be measured. Perhaps this is something that we can return to at another time.

[726] **Kenneth Skates:** Yes, absolutely. I would like to return to that.

[727] **Jocelyn Davies:** Lovely, thank you. I have finished.

[728] **Christine Chapman:** Mark, do you have some questions?

[729] **Mark Isherwood:** Yes, thank you. Considering your budget allocations, what assessment was made of the impact of reduced local authority funding for museums, archives and libraries?

[730] **Kenneth Skates:** Local authorities have been asked by officials within CyMAL to provide an update on their current funding position in relation to museums, libraries and archives, and I am seeing the information that is coming through at the moment. I will be launching the report and the recommendations from the expert review of public libraries in Wales at a joint conference with the WLGA later this month. That review will also consider the recommendations of this committee's inquiry into public libraries, and I will be formally responding to your report. I have also decided that a museums review is required, so we will be able to map the situation across Wales.

[731] **Mark Isherwood:** What, if any, consideration in terms of budget allocations was given to linking this to driving innovation?

[732] **Kenneth Skates:** Well, the grant systems that we offer, for example—as I am keen for them to do—are currently operating in a way that seeks sustainability through innovation and co-location, for example. So, I am very keen to make sure that we do not just offer grants for libraries or museums to be sustained in their current guise if they appear not to be sustainable. There is an opportunity there to draw in funding for co-location.

[733] **Mark Isherwood:** As well as different models of ownership.

[734] **Kenneth Skates:** Yes, different models of ownership as well, such as trust ownership. A couple of weeks back, off the back of the leisure services conference in Llangollen, I asked for a toolkit to be developed on alternative delivery and ownership models of services. That could be equally applicable to museums and libraries.

[735] **Mark Isherwood:** What proportion of CyMAL's budget is represented by the proposed reduction of £325,000 for next year?

[736] **Kenneth Skates:** Huw, would you be able to give some detail on that?

[737] **Mr Davies:** Yes, sure. CyMAL's budget is going down from about £2.5 million to approximately £2.2 million, which, as you say, is a £325,000 reduction. So, that is about 12% or 13%, I think. That does comprise the two elements of the CyMAL grants programme, which the Deputy Minister was referring to, which is paid out to the sector and which is proposed to be £1.7 million, and then there is also £0.5 million for the People's Collection—the website that records our history and heritage. This budget line was protected in last year's budget process for this year, but there have been some reductions for next year, in line with the discussions that we were having earlier in terms of needing to find some reductions across the portfolio.

[738] **Mark Isherwood:** What assessment, if any, has been made of the impact of the reduced CyMAL budget on visitor numbers, particularly in terms of libraries and museums, to sustain the growth that has been seen over recent years?

[739] **Mr Davies:** As the Deputy Minister said, we are looking to very much target that funding at initiatives, looking at things like, possibly, the co-location of some libraries and at particular projects on a regional/national basis, so that we can maintain and, hopefully, increase visitor numbers in the library sector.

[740] **Mark Isherwood:** So, to summarise, it is co-location et cetera. In terms of marketing,

could there be co-marketing with wider Government departments?

[741] **Kenneth Skates:** For sure. Absolutely. This is one of the advantages, of course, of bringing in culture and sport within economy and science. We can work closely with Visit Wales to make sure that the branding and marketing that we all offer in terms of culture and sport is tied in with the branding exercise by Visit Wales.

[742] In terms of museums, specifically, and visitor numbers, we have seen a very welcome and sizeable increase in visitor numbers to Wales, in terms of day-trippers and holidaymakers, both last year and in the first six months of this year. That undoubtedly has a beneficial consequence, particularly for museums, and I am thinking of St Fagans especially, which is our No. 1 visitor attraction in terms of numbers—it currently stands at about 650,000. So, while tourism is improving, there are also benefits in terms of visitor numbers to museums.

[743] **Christine Chapman:** Peter has a supplementary question.

[744] **Peter Black:** Yes, a quick one in terms of the CyMAL budget. Given the impact on local councils as a result of the reduction in the RSG, we are going to see, I think, more pressure on libraries in particular next year, and CyMAL can play a very important part in trying to help refocus that delivery. There is a very important example in Pennard in Gower, where a CyMAL grant effectively helped to keep that library open. Is there not a mismatch here in terms of CyMAL's grant also being cut at the same time, or do you intend to focus the CyMAL activity in libraries on helping local councils to repackage that service?

[745] **Kenneth Skates:** We cannot necessarily use CyMAL to step in to support what is a statutory service by local authorities. However, certainly, ensuring that the money is used intelligently to repackage, where there is potential to do that, is very much a priority.

[746] **Peter Black:** Would you see that, given the pressure on libraries, as being a major part of CyMAL's role next year?

[747] **Kenneth Skates:** I see it continuing to be a major part.

[748] **Gwyn R. Price:** You touched on St Fagans, Deputy Minister; on what basis has the Welsh Government determined the level of contribution that it is making to the redevelopment of St Fagans? What outcomes are to be expected from that work?

[749] **Kenneth Skates:** Okay, well, St Fagans, as I mentioned, is one of our most popular attractions in Wales—I think that it is the most popular at the moment, in terms of visitor numbers—so it makes sense to invest in it. We have to keep these attractions fresh and provide renewed offers and new attractions. St Fagans is also remarkably popular among the creative industry sector. It is used regularly for the likes of *Doctor Who*, costume dramas and other productions. In order to make sure that we continue to sweat our assets for as much as possible, there is a need to constantly invest in them. Our funding package for St Fagans I think represents very good value for money. It is predicted that we will see a rise in visitor numbers to St Fagans, as a result of the work that has taken place, to over 800,000 a year. There is also potential with the work that will take place over the next two to three years to hold conferences at St Fagans, product launches for companies and other such events and occasions.

15:00

[750] **Gwyn R. Price:** Does the budget include provision for the further roll-out of the Every Child a Member scheme? What assessment has the Deputy Minister made of the value for money of broadening the scheme even further?

[751] **Kenneth Skates:** Every Child a Member, based on the interim evaluation, has proven to be very successful and beneficial. The survey that was conducted shows that 290 of the 712 respondents stated that they had not visited a library before the project took place. In terms of the comparatively small investment put into the scheme, the outcomes have been significant. Grant funding for phase 2 of the scheme, which will deliver to an additional 10 local authorities to the original six, was awarded in September, and the roll-out of phase 2 will take place from later this month and will continue through to March next year.

[752] **Gwyn R. Price:** What options are you exploring to raise further revenue in the museums, archives and libraries spending programme area? How has this influenced the budget allocations?

[753] **Kenneth Skates:** There is potential to raise further revenue, particularly at museums, but also libraries. In terms of museums, I mentioned St Fagans. If you are seeing an increase in visitor numbers, it stands to reason that you will realise increased visitor spend as well. As we move to a position where St Fagans attracts in the region of 800,000 visitors, up from 650,000 visitors, one would expect an increased take in terms of shop sales, cafe receipts and so forth. That can be reflected across the landscape as well, as we see an increase in visitors to Wales as a whole, and which we have been seeing over the last 18 months. An increase in visitors to Wales results in an increased spend within Wales and, consequently, the museums are able to capture that. So, we expect an increase of revenue. We have set what we expect as a reasonable level across Cadw. For example, if you look at where we expect Cadw to be able to raise additional revenue, it is a realistic target and it can be achieved, provided that we continue to do well in terms of attracting more visitors to Wales.

[754] **Christine Chapman:** Mark, I think that you have some questions.

[755] **Mark Isherwood:** Are you pretty confident that Cadw sites can continue to attract more visitors from all backgrounds, including disadvantaged backgrounds, given the proposed reduction to capital and revenue budgets for the historic environment?

[756] **Kenneth Skates:** Yes, I am quite excited about Cadw's future in terms of being able to attract more. In terms of widening the access, there is potential through the work of Dai Rees and Baroness Andrews to attract people who would otherwise not visit historic sites and, indeed, museums and libraries to do so. As I mentioned to Gwyn Price, you would imagine that the recent sharp increase in visitor numbers to Wales would result in a great benefit for Cadw sites. The figures that we have been able to publish so far are something that we can be quite proud of. Visitor figures to staffed sites are up 7%, which is an increase of 17,700. There is a 6% increase in visitor figures to the free-to-visit unstaffed sites in the first six months of this year compared with the same period last year. It is estimated that about 1.1 million visitors go to the unstaffed, free-to-visit sites. What I am keen to see is a process for visitors to be able to make donations in the old style of a tin box for giving. We now live in a digital age; there is no reason why you cannot have a tasteful plaque advertising a text number that you can use to give a donation. If you have an audience of 1.1 million people, I should imagine that you would be able to raise some revenue through that means.

[757] **Mark Isherwood:** Are those statistics the reasons you give for believing that Cadw's income will actually increase next year?

[758] **Kenneth Skates:** Yes, and if we look at how income has increased in recent times, as I said to Gwyn Price, I think it is realistic. I think it increased by £300,000 last year or the year before. So, to increase again by £300,000, I think, would be a realistic expectation, particularly given the visitor numbers that I mentioned earlier.

[759] **Mark Isherwood:** Have you given consideration to what scope there is for further growth beyond next year?

[760] **Kenneth Skates:** We are in talks with a number of bodies about better promotion and marketing and making sure that there is cross promotion of museums and Cadw sites and potentially National Trust sites with Cadw sites. As I said, I am quite excited about our historic sites and I do believe that we can realise an increase in visitor numbers and therefore revenue in the coming years, but it will depend, clearly, on the level of disposable income that people have and also visitor numbers within and to Wales.

[761] **Mark Isherwood:** Okay. Moving on to the heritage Bill, which you are planning to introduce next year, you have told us in your paper that there are no additional costs arising as a consequence of that Bill with the exception of staffing costs. I also understand that you have said that the Bill's proposals include more effective protection for listed buildings and scheduled ancient monuments, which, as you know, locally, from schemes that we have both been involved with, there are huge costs involved with those forms of programmes, certainly, capital costs and stabilisation costs. Therefore, what consideration have you given to providing funding for the consequences of the Bill from 2016-17?

[762] **Kenneth Skates:** There will be no additional costs for 2015-16. For 2016-17 onwards, the estimated increase in costs is £200,000. The main costs as a consequence of the duties will specifically be met through the duty on local planning authorities to create and maintain historic environment records. However, that will require some enhanced funding, as it is the Welsh Government that already funds the Welsh archaeological trusts to maintain the historic environment records. Huw, would you like to say something about the overall costs and impact?

[763] **Mr Brodie:** Sure, Minister. There are a number of areas where, as the Minister said, from 2016-17 onwards, there will be some small extra costs. In addition to the one that he mentioned, there is also the new advisory panel. I think this is perhaps relevant to the point that you raise—the costs of actually being able to administer the new right for owners to ask for a review of decisions as to whether an asset that they owned was going to be designated. So, those are the revenue costs.

[764] I think your question raises issues about the potential capital, which is a very different matter again. Of course, it is very difficult to see how Cadw's budget on the capital side could be planned in advance to meet the particular range of challenges. Obviously, particular solutions have to be discussed in relation to particular properties and consideration of the role that the heritage lottery fund and so on could play. So, the costs that we are referring to are the revenue costs of being able to administer the particular provisions of the Bill that will have some modest running costs attached to them.

[765] **Christine Chapman:** Jocelyn, I think you had a question.

[766] **Jocelyn Davies:** It is based on the visitor numbers and the questions that Mark asked. He did ask you about people from disadvantaged backgrounds. Is there anybody keeping a record of whether you are having visitors from disadvantaged backgrounds and whether the last few years have seen a drop in numbers coming from those communities, because maybe the family day out is seen as a luxury? Is there anything that you are able to do to mitigate that, so that even though you have a rise in numbers, are you making sure that everybody can still go?

[767] **Kenneth Skates:** Absolutely. First of all, yes, we are able to test in terms of socioeconomic groupings of people. I think the point you make about it being seen as a luxury to take a day out to a site is very true and has been true for the past what six years since 2008,



which is why schemes such as Open Doors are so very important. Open Doors means that there are 10,000 free tickets available often to people who would ordinarily not have an opportunity to visit Cadw sites, so I think that that has been particularly important, as has been maintaining free access to the museums and, where possible, keeping entry prices to Cadw sites as low and as reasonable as possible.

[768] **Jocelyn Davies:** This budget is bearing that in mind, is it?

[769] **Kenneth Skates:** I think it is. It will be for us to raise with Cadw the issue of entry prices, but, again, I think it is important to balance the available spend that people have, who we would like to see visiting our sites more, with the ability to raise revenue from admissions. For what it is worth, I often prefer admission to be kept to a minimum but for, if you like, value-added elements of the visit to be increased instead, so that means the gifts or the refreshments, and we can probably learn a lot from the National Trust in that regard.

[770] **Jocelyn Davies:** Yes.

[771] **Christine Chapman:** May I just ask, Deputy Minister, about the signposting of some of the Cadw sites? Obviously, I am thinking in terms of the usual ones that are generally known about and about the signposting to other sites, not just Cadw. I am thinking in terms of my own area where, for example, if you get a lot of visitors to Cardiff, you could signpost to the Valleys, with the extra train services et cetera. It has been a big complaint from people for many years that we should be signposting much more.

[772] **Kenneth Skates:** I think that that is a very fair complaint to raise. It is a point that I discussed with the chief executive of Cadw at our first meeting. It was a point that we were very keen to address—the signposting, but also the cross-promotion of other sites within. So, for example, you might visit a National Trust castle and it will then, as you leave, have banners advertising what is next around the corner, in terms of what it has. I think we need to take a leaf out of its book in terms of being able to promote other nearby sites, but also in terms of the specific road signs and signposts. That is a very important point that you make there.

[773] **Christine Chapman:** Mike, I think you have some questions.

[774] **Mike Hedges:** I have one, and possibly two. Can you give a reason for the reductions in the Welsh Books Council's funding, and what impact do you expect that to have?

[775] **Kenneth Skates:** Right, the reductions were considered in the same way that reductions to other bodies were considered. I mentioned earlier that we conducted that exercise in consultation and asked the bodies to provide us with information about the likely impact as a result of certain budget reductions. It is worth saying though, that the Welsh Books Council is having its capital budget more than doubled, which will be of great benefit to it, and that, in recent times, it has also been able to achieve an increase in sales in terms of its books. The latest figures show that it increased sales by 5%. The indications so far this year are very positive and suggest that there will be a further increase as well.

[776] **Rhodri Glyn Thomas:** Weinidog, rydych chi'n dweud bod cyllideb y cyngor llyfrau wedi cael ei hystyried yn yr un modd â phob corff arall, ond roedd ystyriaeth wedi cael ei rhoi i hyn ddwy flynedd yn ôl, a'r amcangyfrif a welwyd oedd y byddai'r toriad yn £100,000, ond, yn y gyllideb ddrafft, mae wedi mynd lan i £200,000. Pam fod yna  
**Rhodri Glyn Thomas:** Minister, you say that the budget of the books council was considered in the same way as every other body, but consideration was given to this two years ago, and the estimate was that the cut would be £100,000, but, in the draft budget, it has gone up to £200,000. Why is there a difference between those two figures?

wahaniaeth rhwng y ddau ffigur hynny?

15:15

[777] **Mr Brodie:** Mae hynny oherwydd, fel y dywedais yn gynnuau fach, bod £1.9 miliwn o doriadau ychwanegol yr ydym yn eu gwneud ar draws y gyllideb. Felly, roedd angen i Weinidogion ystyried sut i ddosbarthu'r toriadau pellach hynny. Yn sgîl hynny, y canlyniad oedd ei bod yn bosibl cwtogi'r cyngor llyfrau gan £100,000 ychwanegol, ond roedd angen torri rhywle ar draws y cyllid i'r graddau hynny.

**Mr Brodie:** That is because, as I said earlier, we are making £1.9 million in additional cuts across the budget. So, the Ministers had to consider how to distribute those further cuts. In the wake of that, the outcome was that it was possible to make further cuts of £100,000 to the books council, but we needed to make cuts to that extent somewhere across the budget.

[778] **Rhodri Glyn Thomas:** Felly, mae £100,000 wedi mynd o'r gyllideb refeniw.

**Rhodri Glyn Thomas:** So, £100,000 has gone from the revenue budget.

[779] **Mr Brodie:** oes.

**Mr Brodie:** Yes.

[780] **Rhodri Glyn Thomas:** Beth yw ystyr dyblu'r gyllideb gyfalaf?

**Rhodri Glyn Thomas:** What is the meaning of the doubling of the capital budget?

[781] **Mr Brodie:** O ran y cyfalaf, Huw, a yw'r ffigurau gennyti?

**Mr Brodie:** In terms of the capital budget, Huw, do you have the figures?

[782] **Mr Davies:** O ran cyfalaf, mae cyllideb bresennol y cyngor llyfrau yn £25,000. Flwyddyn nesaf, bydd hynny'n cynyddu i £60,000, ond rydym hefyd yn rhoi arian cyfalaf ychwanegol y flwyddyn yma o £25,000. Felly, bydd rhyw £60,000 yn ychwanegol dros y ddwy flynedd.

**Mr Davies:** In terms of capital, the council's current budget is £25,000. Next year, that will rise to £60,000, but we are also putting in additional capital funding of £25,000 this year. Therefore, that will be an additional £60,000 over the two years.

[783] **Rhodri Glyn Thomas:** Mae hynny'n tipyn mwy na dyblu'r arian. Mae hynny'n swnio'n dda iawn, ond mae'n parhau i fod yn gollod, os yw rhywun yn edrych ar y goblygiadau o ran refeniw. Rwy'n derbyn yr hyn yr ydych yn ei ddweud. Mae'n rhaid inni fod yn ymarferol, ac mae'n rhaid inni dorri rhywle. Fodd bynnag, mae'n ymddangos bod dyblu rhywbeth a oedd eisoes yn doriad o £100,000 i £200,000 yn gam mawr iawn, ac ni allaf weld sut y gall hynny ddigwydd heb fod effaith andwyol ar y gwasanaethau sy'n cael eu cynnal gan y cyngor llyfrau. Mae'r cyngor yn sôn am dorri £50,000 ar ei grant cyhoeddi yn y Gymraeg ac £20,000 ar ei grant cyhoeddi yn y Saesneg. A ydych chi'n poeni am hynny?

**Rhodri Glyn Thomas:** That is a little more than a doubling of the money. That sounds very good, but it is still a loss when one looks at the revenue implications. I accept what you say. We have to be practical and we have to cut somewhere. However, it appears to me that doubling something that was already a cut of £100,000 to £200,000 is a very big step to take, and I cannot see how that could happen without there being a detrimental impact on the services that are maintained by the books council. It is talking about cutting £50,000 from the grant for publishing through the medium of Welsh and £20,000 from its grant for publishing in the English language. Are you concerned about that?

[784] **Kenneth Skates:** I met with the council today to discuss the implications. I think that it is right that we should all be concerned about every element of public spending at the moment, and there is strangulation on public funds at the moment. However, insofar as

specifics are concerned, the specifics that you point to were not raised with me today.

[785] **Jocelyn Davies:** They are being raised with you now.

[786] **Kenneth Skates:** Yes, but the question was, 'Were they though?' and the answer is 'no'.

[787] **Rhodri Glyn Thomas:** I am somewhat surprised that I am raising the issue rather than the Welsh Books Council, but there we are.

[788] **Jocelyn Davies:** There you are. It needs a good advocate.

[789] **Mr Brodie:** Fel gyda phob corff arall, roeddem wedi trafod gyda'r cyngor ein blaenoriaethau ar gyfer y flwyddyn nesaf a'r math o *remit letter* y bydd yn ei gael. Yn yr un ffordd, y tu fewn i hwnnw, byddwn yn trafod sut y gall y cyngor ymdopi gan leihau'r effeithiau ar wasanaethau. Nid yw hyn yn hawdd, ond mae angen inni wneud hyn gyda phob corff.

**Mr Brodie:** As with every other body, we had discussions with the council about the priorities for next year and the kind of remit letter it will receive. In the same way, we will be discussing, within that, how the council can cope in terms of reducing the impact on services. This is not easy, but we need to do it with all bodies.

[790] **Kenneth Skates:** It might be worth us sending a little note through about changes to the commissioning procedure as well.

[791] **Christine Chapman:** Yes, if you would. Gwyn has some questions.

[792] **Gwyn R. Price:** Yes. This is whether the Deputy Minister can explain how he expects sports and physical activity participation levels to improve in Wales, considering the reduction in the revenue funding for this spending programme area.

[793] **Kenneth Skates:** Quite like the arts, there is no direct link between levels of revenue funding and participation. More participation is influenced by a wide variety of factors. If it was just about the amount of money that is spent, we would not expect to see the United States having some of the most pressing problems with obesity, given the amount of money that it spends in terms of sports and physical activity. Instead, it requires an entire cultural change, which is why we very much welcome active travel measures and the introduction of the physical literacy framework. So, we have reached a point where Sport Wales and a huge number of sporting organisations are doing a sterling job in attracting more people to participate in sport. The physical literacy framework will enable and encourage more young people to take up physical exercise and, therefore, that will have benefits for their parents as well.

[794] **Gwyn R. Price:** Okay. Could you tell me the specific steps that you intend to take to promote best practice, in terms of local authorities' sports and leisure services, bearing in mind the difficult settlement for local government in 2015-16?

[795] **Kenneth Skates:** Yes. Going back to physical activity, one of the big threats to physical activity, and the good success story that is the increased participation in recent years, is the threat of closure of council-run facilities. So, we hosted a conference a couple of weeks ago where we brought together local authorities to share best practice and to discuss with one another their experiences and how they are going to be dealing with further budget reductions. As a result of that conference, we are putting together, as I mentioned earlier, a toolkit that will be published online. It will be available to community groups and all local authorities. It will assist all stakeholders in gaining the information and the support required to maintain

sports and leisure facilities.

[796] There is also a lot of work being done within Communities First. I met the Minister for Communities and Tackling Poverty just this week to discuss how Communities First can enhance the physical activity agenda. I was very pleased by the enthusiasm that the Minister showed for that. One of the key barriers to participation in one particular group that is often isolated, namely young single mums, is access to childcare while they are engaged in physical activity. This is an area that the Minister for Communities and Tackling Poverty and I are looking at very keenly.

[797] **Gwyn R. Price:** You say that it is going online, Deputy Minister; do you have a timescale for that?

[798] **Kenneth Skates:** Not yet. I have asked for it to be produced ideally by the end of this month, and I will take a look at it from there. I would hope that, by the end of this year, it will be fully available. I am determined to make sure that it is available as soon as possible because I think that we have some exciting funding opportunities emerging that will assist in maintaining sports and other facilities. For example, the Big Lottery Fund's community asset transfer programme will be launched shortly, and we have the interest-free capital loan scheme, which will also be launched shortly. So, there are various schemes of funding that I want to see kind of aligned with the toolkit, so that we do not have a gap; that is, that we do not have those in the know able to apply for funding while those who perhaps do not know how to take over a local authority service wait for the toolkit to be produced and then miss the opportunity to apply for funding. So, my answer is, as soon as I possibly can get it online, it will be.

[799] **Gwyn R. Price:** Watch this space, then.

[800] **Kenneth Skates:** Absolutely. Yes.

[801] **Jocelyn Davies:** I am particularly interested in gender and sport. I have two daughters who play rugby. I have to tell you that I did not encourage them to do that, but they do it anyway. I think that there has been some research that shows how physically active your mother is when you are very small does influence your behaviour in terms of how active you are. I congratulate you on any work that you can do with single mothers, and hopefully that will help to produce a cultural change. I wonder whether you—and I pressed the previous Minister on this—would be able to produce some figures on spend by gender and sport, because I would be very interested to see how much Welsh Government money, for example, goes into rugby for men as opposed to rugby for women, or even football. You cannot always do it, but I think that—

[802] **Christine Chapman:** Sport Wales should do it, I think. It has—

[803] **Kenneth Skates:** I would be happy to discuss this with Sport Wales. I think that it already does carry out good work in this area. I was discussing with it just recently women's football and how that is coming on well now. I can certainly do that.

[804] **Rhodri Glyn Thomas:** Women's football is certainly not coming on well in terms of investment.

[805] **Kenneth Skates:** In terms of participation and how well they are doing, they are very good now. However, I hear what you say about the funding; that was actually a question of—

[806] **Jocelyn Davies:** Yes, and I think that there is a lot of talk of if some of these female sports are seen more often, they get sponsorship and then they get advertising. This then

becomes—

[807] **Kenneth Skates:** And then you get the role models.

[808] **Jocelyn Davies:** Then you get the role models and then you will have more girls joining in, and perhaps more girls seeing this as something that they could do and aspiring to do it.

[809] **Kenneth Skates:** Yes. I identified one group, the young single mums who are often excluded from participation, but the other group that we are really struggling to get engaged in physical activity is teenage girls, because of body image issues.

[810] **Jocelyn Davies:** When I think about the PE skirt in school, you ought to stop that.

[811] **Kenneth Skates:** PE skirts—they did not give the boys those to wear, so we did not have that problem.

[812] **Jocelyn Davies:** No, but what I am saying is that no-one should have to bare their legs, and then they would perhaps not drop out as much as they do because of body image.

[813] **Kenneth Skates:** I think that the Member makes an important point about young mums getting involved in physical activity. That is why I am a big believer in family gyms and street games as well, which can have a huge impact. So, we are really keen to roll street games out as widely as possible.

[814] **Mike Hedges:** Do you mean street hockey and things like that?

[815] **Kenneth Skates:** Street hockey, street tennis, street football and hopscotch, indeed.

[816] **Jocelyn Davies:** I played today out there actually, Minister; on my own, I have to say.

[817] **Kenneth Skates:** I would have joined you. *[Laughter.]*

[818] **Jocelyn Davies:** If there is chalk on the floor out there, you know who it belongs to.

[819] **Christine Chapman:** Rhodri, did you have any final questions?

[820] **Rhodri Glyn Thomas:** Mae sut yr ydych yn adlewyrchu datblygu cynaliadwy yn eich cyllideb yn broblem enfawr. Mae gofyn statudol i chi wneud hynny. Rwy'n siŵr bod gennych frawddegau hir iawn, Weinidog, i'w rhoi i mi ynglŷn â phwysigrwydd datblygu cynaliadwy. A ydych yn gallu fy nghyfeirio at unrhyw ddyraniad a gafodd ei newid gennych chi, neu rydych yn gweld yr angen i'w newid, oherwydd y gofynion o ran datblygu cynaliadwy?

**Rhodri Glyn Thomas:** How you reflect sustainable development in your budget is a substantial problem. There is a statutory duty for you to do that. I am sure that you have very long sentences, Minister, to give me on the importance of sustainable development. Can you refer me to any allocation that was amended by you, or that you feel the need to change, because of the requirements in terms of sustainable development?

[821] **Kenneth Skates:** Huw, were any changes made?

[822] **Ms Brodie:** Part of the issue is that sustainable development is relevant to just about everything in the portfolio in terms of contribution to sustainable jobs, contribution to

tackling poverty, contribution to helping people to be inspired to learn, mental wellbeing and physical wellbeing. It is hard to think about aspects of the portfolio that do not have some contribution to sustainable development, including the whole issue of giving people a sense of place and belonging, and the principle that if you have a sense of root and belonging, as a community you are more likely to be interested and have a perspective that will encourage you to think about the future.

[823] So, I think that it is something that runs through all of our considerations, and it is difficult to pick out a single thing where we said, 'We changed that because of sustainable development'. If you think about it, to do that we would have to be saying, 'That part of our budget is to do with sustainable development; 20% is to do with sustainable development, 80% is it not, so we're going to give more to the 20%'. It does not really quite work like that. Hopefully, we are taking into account the whole piece.

[824] One of the things that I can say is that, in all of our discussions with bodies as we have been thinking through how we can help them intelligently cope with budget reductions, one of the questions that we have been asking all of them is, 'Is there scope for you to invest capital to get your energy bills down, in terms of improved systems, such as insulation and what have you, but also in terms of renewable energy?' There are opportunities there, and that is something—. If you want a particular example, that is the one that I would give.

[825] **Rhodri Glyn Thomas:** Diolch yn fawr, achos fe roesoch un enghraifft i mi yn y diwedd. Rwy'n derbyn yn hollol yr hyn rydych yn ei ddweud ynglŷn â'r portffolio; dyma'r portffolio lle mae datblygu cynaliadwy yn effeithio ar bron bob penderfyniad. Ar ryw ystyr, dyna'r cryfder a'r gwendid, oherwydd y perygl yw oherwydd ei fod yn effeithio ar bob peth, nid ydych yn gwneud dim byd penodol, a dyna'r perygl bob amser. Felly, er ei bod yn anodd ffeindio enghreifftiau penodol, rwy'n meddwl ei bod yn bwysig bod ymdrech i wneud hynny bob hyn a hyn.

**Rhodri Glyn Thomas:** Thank you, because you did give me an example in the end. I completely accept what you are saying about the portfolio; this is a portfolio where sustainable development affects almost every decision. In a sense, that is its strength and weakness, because the danger is that because it affects everything, you do not do anything specific, and that is always the danger. So, although it is difficult to find specific examples, I think that it is important that an effort is made to do so every now and again.

[826] Rwy'n gwybod bod amser yn mynd yn ei flaen. Mae dau bwynt cyflym arall gennyf i'w codi. O ran y Bil Llesiant Cenedlaethau'r Dyfodol (Cymru), mae llawer iawn o gyrff cyhoeddus yn eich portffolio yn cael eu heffeithio arnynt gan hyn. A ydych chi wedi cael trafodaethau gyda nhw ynglŷn ag unrhyw oblygiadau ariannol a allai effeithio ar eich cyllideb o ganlyniad i hynny?

I know that time is running out. I have another couple of quick points to make. In terms of the Well-being of Future Generations (Wales) Bill, many public bodies in your portfolio are impacted by this. Have you had discussions with them regarding any financial implications that could affect your budget as a result of that?

[827] **Kenneth Skates:** I have not personally had the opportunity to discuss this with—

[828] **Rhodri Glyn Thomas:** No, I think that it is an unfair question to you.

[829] **Kenneth Skates:** But it is something that I will be doing.

[830] **Mr Brodie:** Yn sicr, maen nhw i gyd yn ymwybodol. Mae'r trafodaethau wedi  
**Mr Brodie:** Certainly, they are all aware. Discussions have happened at official level. I

digwydd ar lefel swyddogion. Rwy'n credu eu bod nhw i gyd yn barod amdano. Ni ddylem anghofio bod ganddynt ddyletswyddau ar hyn o bryd, er enghraifft, i baratoi strategaethau o ran plant. Felly, mae'n gwestiwn o ehangu ar yr hyn maen nhw'n ei wneud yn barod. Rwy'n credu ein bod ni o'r farn eu bod yn gallu llyncu hyn heb ormod o drafferth.

15:30

[831] **Rhodri Glyn Thomas:** Felly, nid ydych chi'n disgwyl unrhyw ofynion ariannol ychwanegol o ganlyniad i'r Bil?

[832] **Mr Brodie:** Nac ydw.

[833] **Rhodri Glyn Thomas:** Dyma fy nghwestiwn olaf. Rydych chi wedi cyfeirio'n barod, Ddirprwy Weinidog, at yr asesiadau effaith hyn ac asesiadau effaith yn ymwneud â'r iaith Gymraeg. Fe gyfeiriasoch chi at un corff, nid wyf yn siŵr ai'r amgueddfeydd ydoedd, lle roeddech yn dweud eich bod yn disgwyl iddo wneud yr asesiad effaith o ran yr iaith Gymraeg. Rwyf wedi clywed hyn gryn lawer o weithiau yn ystod y dydd heddiw gan wahanol Weinidogion. Fe wnaeth y Gweinidog dros lywodraeth leol roi'r un ateb. Roedd e'n disgwyl i awdurdodau lleol wneud asesiadau effaith o ran yr iaith Gymraeg. Fodd bynnag, y broblem wedyn yw bod yr asesiad effaith yn dod ar ôl i'r penderfyniadau o ran y dyraniadau yn y gyllideb ddigwydd. Onid oes cyfrifoldeb arnoch fel Gweinidogion a Dirprwy Weinidogion i wneud yr asesiad yn y lle cyntaf rhag eich bod yn gwneud penderfyniadau am y gyllideb a allai gael effaith andwyol a'ch bod chi'n trio unioni hynny wedyn?

[834] **Mr Brodie:** Roedd yr iaith Gymraeg yn un o'r pethau roeddem ni'n eu hystyried pan oedd y dadansoddiad yn cael ei wneud ar draws pob corff, yn ôl yn yr haf. Felly, mae wedi cael ei hystyried ac roedd y casgliadau yn cael eu hystyried gan Weinidogion. Mae'r broses dadansoddi effeithiau o ran yr iaith Gymraeg yn datblygu, felly bydd elfen o'r broses honno yn mynd yn fwy dwys yn y dyfodol. Fel rydych chi'n dweud, mae'n rhywbeth sydd yn ofynnol ohonom fel Llywodraeth ac rydym ni'n ymwneud â

think that they are all ready for it. We should not forget that they have duties at present, for example, to prepare strategies for children. So, it is a question of expanding on what they are doing already. I think that we are of the opinion that they can absorb this without too much trouble.

**Rhodri Glyn Thomas:** So, you do not expect any additional financial requirements due to this Bill?

**Mr Brodie:** No, I do not.

**Rhodri Glyn Thomas:** This is my final question. You have referred already, Deputy Minister, to these impact assessments and to impact assessments relating to the Welsh language. You referred to one body, I am not sure whether or not it was the museums, where you said that you expected it to carry out an impact assessment on the Welsh language. I have heard this many times during the day today from various Ministers. The Minister for local government gave the same response. He expected local authorities to carry out impact assessments on the Welsh language. However, the problem then is that this impact assessment comes after the decisions in terms of budget allocations have been made. Is there not a responsibility on you as Ministers and Deputy Ministers to make the assessment in the first place rather than making decisions on the budget that could have a detrimental effect and then trying to rectify that later?

**Mr Brodie:** The Welsh language was one of the things that we considered when the analysis was carried out across all bodies, back in the summer. So, it has been taken into account and the findings were considered by Ministers. The process of analysing the impacts in terms of the Welsh language is developing, so an element of that process will become more intense in the future. As you say, it is something that is a requirement for us as a Government and we are involved in that in addition to other people.

hynny yn ogystal â phobl eraill.

[835] **Rhodri Glyn Thomas:** Fodd bynnag, y pwynt rwy'n ei wneud—ac rwyf ond yn ei awgrymu i chi yn hytrach na gofyn cwestiwn achos mae'n hamser ni ar ben—yw, ar ôl gwranddo ar nifer o Weinidogion yn dweud hyn, yr ofn sydd gennyf yw bod yr asesiad yn dod ar ôl yn hytrach na chyn y penderfyniad. Rydych chi'n gofyn i gyrff yr effeithir arnynt gan eich penderfyniadau chi i wneud asesiad effaith iaith wedi hynny. A gaf i awgrymu hwyrach eich bod chi'n edrych ar hwnnw i weld a yw'n rhywbeth y dylech chi ei ystyried—ac nid chi fel Dirprwy Weinidog yn unig—achos mae'n amlwg i mi bod problem ar draws yr adrannau gyda hwn?

**Rhodri Glyn Thomas:** However, the point that I am making—I am just suggesting this rather than asking a question, because our time has run out—is that, having listened to many Ministers say this, my concern is that the assessment comes after the decision, rather than before it. You are asking bodies that will be impacted by your decisions to make a language impact assessment after that process. May I suggest that you look at that, to see whether it is something that you should consider—and not you as a Deputy Minister only—because it is clear to me that there is a problem across the departments with this?

[836] **Mr Brodie:** I ddweud unwaith eto, roeddem ni'n ystyried yr iaith Gymraeg yn y dadansoddiad yn ôl yn yr haf, felly roedd hi'n cael ei hystyried—

**Mr Brodie:** To say once again, we considered the Welsh language in the analysis back in the summer, so it was being taken into account—

[837] **Rhodri Glyn Thomas:** Rwy'n derbyn hynny, ond nid yw'r asesiad yn cael ei ystyried. Fe adawaf i ef yn y fan honno, Gadeirydd.

**Rhodri Glyn Thomas:** I accept that, but the assessment has not been considered. However, I will leave it there, Chair.

[838] **Christine Chapman:** I have one final question from Gwenda.

[839] **Gwenda Thomas:** Thank you, Chair. I am having some problems with these earphones today, so I hope that I am not repeating something that I might have misheard. What influence can you bring to bear to ensure equitable distribution of resources across all sports and that there is gender-specific fairness? Is there consistency of practice in the support offered to Welsh participation in world cup competitions, whatever the sport might be?

[840] **Kenneth Skates:** I will certainly take that up with Sport Wales in terms of our contact with revenue-supported organisations or revenue-funded organisations. I think that you raise a really important point that builds on the point that Jocelyn Davies made a little earlier about the need to gather the evidence and the data about spend, in terms of both gender and also, where appropriate, potentially, how it is divided regionally. Certainly, it is something that I will discuss with Sport Wales.

[841] **Gwenda Thomas:** Thank you.

[842] **Christine Chapman:** Right, there are no more questions, Deputy Minister, so may I thank you and your officials for attending today? We will send you a transcript of the meeting, so that you can check it for factual accuracy. Thank you for attending.

15:34

### **Papurau i'w Nodi Papers to Note**

[843] **Christine Chapman:** Before we close the public parts of the meeting, may I invite



the committee, first of all, to note the papers? I see that you do.

**Cynnig o dan Reol Sefydlog 17.42(vi) i Benderfynu Gwahardd y Cyhoedd o  
Weddill y Cyfarfod ac o Eitemau 1 a 2 o'r Cyfarfod ar 23 Hydref 2014  
Motion under Standing Order 17.42(vi) to Resolve to Exclude the Public from  
the Remainder of the Meeting and for Items 1 and 2 of the Meeting on 23  
October 2014**

[844] **Christine Chapman:** May I also invite the committee to resolve to go into private session for the remainder of the meeting, for item 1 of the next meeting on 23 October, when we shall have a factual briefing from Welsh Government officials on the reforming local government White Paper, and also for item 2 of the next meeting on 23 October, when we shall have a discussion on the approach to the inquiry into poverty in Wales? I move that

*the committee resolves to exclude the public from the remainder of the meeting and from items 1 and 2 of the meeting on 23 October 2014 in accordance with Standing Order 17.42(vi).*

[845] Are Members content with that? [*Interruption.*] I see that you are.

[846] The next meeting will be on 23 October. I now close the public part of the meeting.

*Derbyniwyd y cynnig.  
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 15:35.  
The public part of the meeting ended at 15:35.*