



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

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

Dydd Mercher, 19 Hydref 2011
Wednesday, 19 October 2011

Cynnwys **Contents**

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

Craffu ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2012-2013: Carl Sargeant AC, y
Gweinidog Llywodraeth Leol a Chymunedau
Scrutiny of Welsh Government Draft Budget Proposals 2012-2013: Carl Sargeant AM,
Minister for Local Government and Communities

Craffu ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2012-2013: Leighton Andrews AC,
y Gweinidog Addysg a Sgiliau
Scrutiny of Welsh Government Draft Budget Proposals 2012-2013: Leighton Andrews AM,
Minister for Education and Skills

Craffu ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2012-2013: Edwina Hart AC, y
Gweinidog Busnes, Menter, Technoleg a Gwyddoniaeth
Scrutiny of Welsh Government Draft Budget Proposals 2012-2013: Edwina Hart AM,
Minister for Business, Enterprise, Technology and Science

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

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

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Bethan Jenkins	Plaid Cymru The Party of Wales
Ann Jones	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Gwyn R. Price	Llafur Labour
Kenneth Skates	Llafur Labour
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales
Joyce Watson	Llafur Labour

Eraill yn bresennol**Others in attendance**

Leighton Andrews	Aelod Cynulliad, Llafur (Y Gweinidog Addysg a Sgiliau) Assembly Member, Labour (The Minister for Education and Skills)
Edwina Hart	Aelod Cynulliad, Llafur (Y Gweinidog Busnes, Menter, Technoleg a Gwyddoniaeth) Assembly Member, Labour (The Minister for Business, Enterprise, Technology and Science)
Ceinwen Jones	Pennaeth Uned Datblygu'r Iaith Gymraeg Head of Welsh Language Development Unit
Reg Kilpatrick	Cyfarwyddwr, yr Adran Llywodraeth Leol a Gwasanaethau Cyhoeddus Director, Department for Local Government and Public Services
Owain Lloyd	Dirprwy Gyfarwyddwr Dros Dro, y Tîm Gweithrediadau, yr Adran Llywodraeth Leol a Chymunedau Acting Deputy Director, Operations Team, the Department for Local Government and Communities
Roger Pride	Cyfarwyddwr Marchnata, yr Adran Busnes, Menter, Technoleg a Gwybodaeth Director of Marketing, the Department for Business, Enterprise, Technology and Science
Dr Emyr Roberts	Cyfarwyddwr Cyffredinol, yr Adran Addysg a Sgiliau Director General, the Department for Education and Skills
Carl Sargeant	Aelod Cynulliad, Llafur (Y Gweinidog Llywodraeth Leol a Chymunedau) Assembly Member, Labour (The Minister for Local Government and Communities)

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

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Jonathan Baxter	Y Gwasanaeth Ymchwil Research Service
Marc Wyn Jones	Clerc Clerk

Dechreuodd y cyfarfod am 9.00 a.m.
The meeting began at 9.00 a.m.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Ann Jones:** Good morning, everybody, and welcome to the Communities, Equality and Local Government Committee. [*Interruption.*] The Minister has made his arrival known. He is in good company in knocking over his glass; I think that the Presiding Officer has the same problem with glasses and bottles.

[2] I will just go through the usual housekeeping rules. The committee operates bilingually. Channel 0 on the headsets can be used to amplify the proceedings, and channel 1 is for the translation from Welsh to English. Please switch off your mobile phones, BlackBerrys, and so on, as they affect the broadcasting equipment. We are not expecting the fire alarm to operate, so, if it sounds, we will take instructions from the ushers. The assembly point is near the Pierhead building.

[3] Does any Member wish to declare an interest before we start? I see that no-one does.

9.01 a.m.

Craffu ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2012-2013: Carl Sargeant AC, y Gweinidog Llywodraeth Leol a Chymunedau
Scrutiny of Welsh Government Draft Budget Proposals 2012-2013: Carl Sargeant AM, Minister for Local Government and Communities

[4] **Ann Jones:** For this session, I am delighted to welcome the Minister for Local Government and Communities, Carl Sargeant. He has with him Reg Kilpatrick, the director of local government and public service, and Owain Lloyd, the acting deputy director of the operations team for the local government and communities division. That title is almost as long as that of this committee when I have to say it properly. [*Laughter.*] You are all very welcome. Minister, would you like to make any opening comments?

[5] **The Minister for Local Government and Communities (Carl Sargeant):** Good morning, Chair and members of the committee. I am pleased to be with you this morning during your deliberations on the draft budget to help you to scrutinise the information that we have presented to you. The settlement that we produced last year was a three-year settlement. Not a lot has changed, but I am sure that you have questions on some of the detail and I am happy to respond to your concerns or questions on it.

[6] **Ann Jones:** I will ask the first question. What assessment has been made of the potential impact that the changes in budget allocations will have on the efforts to strengthen public services to tackle poverty and to promote safety in our communities?

[7] **Carl Sargeant:** That is quite a broad question as to where we position ourselves as a Government. You will be aware that we have launched the programme for government, which contains information on protecting the elements that you have raised. We hope that our new policies will be able to mitigate the issues around poverty and safety. That will be the broad thrust of the test of our programme for government. We have shaped our budget. The efficiency element of this is really important. The effectiveness of and accessibility to public services are my primary concern, particularly in relation to local government, but I also have responsibility for broader public service improvements. These go hand in hand. All of our assessments are based on a three-year projection, which we believe we have strengthened through our programme for government in terms of some of the manifesto commitments that we have brought through.

[8] **Kenneth Skates:** Could you give some examples of where equality issues have shaped the decision-making process for the budget?

[9] **Carl Sargeant:** You will be aware that, last year, I was the Minister responsible for equalities. Last year was the first year that we produced and published the equality impact assessment on budget decision making. I am no longer responsible for that; Jane Hutt now has that responsibility. However, she has been driving this hard in terms of ownership by individual Ministers with regard to our assessments. As I said earlier, the budget has pretty much stayed the same. There are some technical changes, but all we have done is to move the numbers into different boxes—we have not changed the top-line number in most cases. However, with regard to the equality element of that, after the publication of the budget last year, we produced equality impact statements. I assure you that the Minister for Finance will be doing the same this year. Last year, fortunately, we were not challenged, which is very different to what happened in Westminster.

[10] **Mike Hedges:** Could you explain how the local government and communities main expenditure group has been restructured and, in particular, why a number of budget actions no longer receive any allocation?

[11] **Carl Sargeant:** As I said earlier, we have not removed anything; we have just moved things into different boxes. It might be helpful to explain some of the ones around the regulations. 'Efficiency and Innovation', 'Local and Regional Collaboration' and 'Inspection, Regulation and Performance Frameworks' have all moved up into 'Improving Services, Collaboration and Democracy' as opposed to having their own budget lines. The money has gone up with them, and we have just tried to tidy up the whole MEG so that it is easier to work with.

[12] **Peter Black:** It is a rebranding exercise.

[13] **Carl Sargeant:** I would suggest that it makes the MEG easier to work with. I hope that that answers the question, unless you have some specific changes to ask about. Those are the main changes and the money has just gone up into another MEG line.

[14] **Mike Hedges:** I was going to ask something slightly different on programme bending towards Communities First areas. How successful has that been?

[15] **Carl Sargeant:** It has had mixed success, really. We have had some good examples of where we have been working with other sectors—health, primarily—on the delivery of services and bending that programme, but, again, we are refocusing Communities First, as you are aware, and that will play a big part in service delivery. Across Government, we are operating very differently to the way that we did before in terms of service delivery. Ministers' actions have an impact on other portfolios, and we are considering that in some of our decisions around Communities First for the future.

[16] **Gwyn R. Price:** Given the range of unavoidable costs likely to impact upon local government in 2012-13, such as increased pension costs and single status increments, what assessment have you made of the impact of draft budget allocations upon local government services?

[17] **Carl Sargeant:** I, for one, certainly do not underestimate the challenges that local government faces. You will be aware that I am pushing an agenda where I say, 'Let us get real here: if there is less money to deliver services, there will be an impact on services unless we change the way that we operate.' I have been very clear on that with local government. What I do not want to do—and I have been accused of it, which is unfortunate—is to micromanage local government. Surely that is not true, and those who suggest it are perhaps trying to mislead people. *[Laughter.]* What is more important is that local services should be determined at a local level, but local government has to be mindful that the people who are affected by this—the general public, including you and me—should be able to expect a reasonable service. Trying to achieve that balance between the decision makers and the outcomes of the decisions is extremely difficult for local government. I understand that.

[18] In terms of specifics, there will be pressures in the system that we recognise from the expenditure sub-group, which is part of the WLGA, and which tells us where local government is feeling the pinch, as it were. However, it is no good coming to me saying that things will be difficult in a particular area; what we need is the solution, and they have the answers as well. Sometimes that is about collaboration, regional service delivery or different models of service delivery and so on. I am not going to sit here and say that a reduction in funding will mean no changes to public service delivery; whoever says that is not living in the real world.

[19] **Gwyn R. Price:** How would you monitor that, Minister?

[20] **Carl Sargeant:** We have lots of monitoring techniques. In our division, we look at improvement grant results and we ask local authorities to tell us exactly how they are performing. External agencies, such as the Wales Audit Office and Estyn, look at service delivery. One of the levers that we introduced last term was the Local Government (Wales) Measure 2011. As I said, I do not want to micromanage services, but I will expect improvements at some point, and that is why this transition is really important. We will test the delivery of the service, and if local authorities do not deliver, then we will intervene. We have seen interventions in some local authorities in Wales. Unfortunately, they have not always been financially driven. Sometimes, it has been about the way that they are being managed. That is not acceptable to me or anyone in Government.

[21] **Rhodri Glyn Thomas:** Weinidog, a ydych wedi ystyried goblygiadau gwerthuso swyddi a thâl cyfartal? Yr ydym yn clywed bod nifer o gynghorau yn wynebu problemau gwirioneddol gyda'r broses hon. A ydych wedi gwneud asesiad o'r sefyllfa ledled Cymru a goblygiadau ariannol hynny i awdurdodau lleol?

Rhodri Glyn Thomas: Minister, have you considered the implications of job evaluation and equal pay? We hear that many councils are facing real problems with this process. Have you made an assessment of the situation across Wales and the financial implications for local authorities?

[22] **Carl Sargeant:** Thank you for your question, Rhodri Glyn. This issue was raised consistently in the Committee on Equality of Opportunity in the previous Assembly. If it is helpful, I would be happy to write to the committee with specific detail on which authorities have settled, which have not and where they are in that procedure. The elements in delivering this are not easy—you will have seen that in various authorities throughout Wales. Some have settled, as you are aware. The question that seems to be rising now is around the secondary

claims, which are problematic. As regards the cost associated with that, local authorities were given additional funding over the past years—I think that it was around £50 million in addition. Local authorities could spend it in any way that they wanted to deal with single status and equal pay. I certainly think that it is the right thing to do and that we should be pushing that agenda. When I speak to local government collectively, I still say that this is an important agenda for the National Assembly and for local government. There are some options for capitalisation of funding, if they seek resolution and find an opportunity to settle. Funding can be settled through capitalisation, and we have agreed this in some areas. It is about local determination and it is not an easy process for whatever political party is in power. It really is a difficult nettle to grasp.

[23] **Rhodri Glyn Thomas:** Yr wyf yn siŵr ein bod i gyd yn cytuno bod hon yn agenda bwysig, a'i bod yn angenrheidiol bod awdurdodau lleol yn mynd i'r afael â'r broses hon. Fodd bynnag, a ydych wedi trafod gyda'r Gweinidog Cyllid ac Arweinydd y Tŷ beth fydd goblygiadau hyn i setliadau awdurdodau lleol yn y dyfodol, ynteu a ydych yn dweud y bydd arian y gorffennol yn ddigonol i fynd i'r afael â hyn?

Rhodri Glyn Thomas: I am sure that we all agree that this is an important agenda and that local authorities need to address this process. However, have you discussed with the Finance Minister and Leader of the House the implications of this on future local authority settlements or are you saying that past funding will be sufficient in tackling this?

[24] **Carl Sargeant:** The quantum of the settlement is a bit of an unknown. That is why I think it would be useful for the committee to understand which authorities have settled and which have not. Local authorities have approached this in very different ways. It would be fair to say that previous Governments invested heavily in helping local authorities towards settlement. Local authorities have also increased their reserve levels in accordance with projecting that they may come to a settlement period, but a lot of them are stuck between a rock and a hard place. I do not believe that any of the authorities do not want to do this. However, they are nervous about the claims market that is out there. It presents convenience, but unfortunately, once the authority has settled, they then get a second batch of claims. So, we need to understand what the quantum is for each local authority, which is difficult, because unless they have gone down that process, they will not know that. In terms of additional money, we believe that we have already invested a lot, but there are still opportunities for them around capitalisation. However, there is no more money in the pot from us.

[25] **Bethan Jenkins:** Weinidog, credaf y dylai'r Llywodraeth gael mwy o farn strategol ar beth sy'n digwydd yn y maes hwn, gan fod cynghorau yn gweithredu mewn ffordd mor wahanol dros Gymru. Mae problemau enbyd mewn rhai ardaloedd fel Pen-y-bont ar Ogwr, lle mae'r cyngor yn gorfod cael cyfarfod brys i benderfynu a ddylai roi £3 miliwn heibio ar gyfer hwn, heb edrych ymlaen i'r dyfodol. Mae wedi cael digon o amser i edrych ar hwn yn y gorffennol, ond mae'n gorfod cael cyfarfod brys i edrych ar sut i ariannu hwn. Pa fath o gyngor allwch ei roi ar ariannu'r setliadau, nid o ran polisi ond o ran sut i annog Cymdeithas Llywodraeth Leol Cymru neu eich tîm yn y Cabinet i edrych ar hyn mewn ffordd fwy strategol na'r hyn sy'n digwydd ar

Bethan Jenkins: Minister, I believe that the Government should be taking a more strategic view of what is happening in this area, because councils are operating in such different ways across Wales. There are now some serious problems in some areas, such as Bridgend, where the council has to hold an emergency meeting to decide whether to keep £3 million aside for this, without looking forward to the future. It has had enough time to look at this in the past, but it has to have an emergency meeting to look at how to fund this. What advice can you give regarding the funding of the settlements, not on policy, but on how to encourage the Welsh Local Government Association or your team in the Cabinet to look at this in a more strategic manner than is currently happening?

hyn o bryd?

9.15 a.m.

[26] **Carl Sargeant:** We have to understand that local government is the employer, and we are a step away from that. Regarding a strategic message, we have presented it by saying how important it is for people across the public sector to deliver it in local government. We are the only organisation that has put specific duties on local authorities in relation to the Equality Act 2010. We are acting responsibly in taking actions to solve this problem. I have not underestimated the difficulties that local authorities will face when delivering this. They are the employer, and in the past we have set aside funding for their delivery. Some authorities have already settled this process, so it is not insurmountable. Local authorities are nervous about secondary claims, because we do not know what they mean in cash terms. No authority is pulling back from delivering this because they do not want to do it, it is just the problematic legal system—which I mentioned to the committee last time—in which they find themselves. I will not comment on individual cases or authorities, but it is important to ensure that engagement across all parties, trade unions and professional organisations remains constructive. It is difficult for a politician to say this, but running campaigns through the media does not always help the people who are affected. However, I understand that we are all politicians.

[27] **Joyce Watson:** Minister, thank you for your explanations so far. This is not new on the table—it has not come to us now. It has been running for years. You mention capitalisation as an option and say that you will give us a table of who has settled. Few authorities took the opportunity to use capitalisation the last time around, and even fewer have settled. After we have had a look at those settlement figures and the figures of those who have used capitalisation, would you be prepared to answer further questions? Without the figures, the debate might not develop as it should.

[28] **Carl Sargeant:** Certainly, I would be more than happy to come back to the committee, as I have done in the past, to talk around this issue. You may also benefit from a direct discussion with the WLGA, which can explain local authorities' position. I will push hard at this agenda to move them in the right direction for settlement, but, it is a difficult situation for them as well. It is not because the legislation is not there; it is because of issues around claims and the 'where there's blame there's a claim' market. That is what really worries local authorities.

[29] **Janet Finch-Saunders:** To expand on the point made by Joyce, I think that it is 10 out of 22 councils that have settled. Technically, that is less than half. As was rightly pointed out, this has not recently been put on the table. I am concerned that some councils are using taxpayers' money to employ external consultants for long periods of time, which is costing a lot of money. What strategic pan-Wales approach will you take? I have mentioned that in Plenary. It needs to be a strategic and structured approach, because it has been going on for some time and it is causing a great deal of concern to ratepayers and to the workers themselves.

[30] **Carl Sargeant:** There are two points to make here. This is a really important issue, because we are talking about people who are employed in local authorities. It is their right to have the right scale of pay. It is an odd question from you, Janet, if I may say so. One minute, you are telling me that I should not get involved in the way that local authorities operate, and the next you are telling me that I should get involved in this specifically.

[31] **Janet Finch-Saunders:** It is a strategic issue.

[32] **Carl Sargeant:** If there is a difficult decision to make, local authorities need to make

it. I am not having difficult decisions passed back to the Welsh Government because, unfortunately, local authorities do not want to make decisions. In this case, I do not believe that it is the case that they do not want to make that decision. I think that the issue is that, technically, legally, it is very difficult for them to do. If they make the decision, they may have settled in one area, but they will be in a very different place in the legal system. I understand that. What I am saying is that there are opportunities coming from us for local authorities to make those decisions where they can, if they wish to pursue the completion of this process, by capitalisation or funding that we have passported through them in the past. However, I will not make those decisions for them. If they come back to me and say that they do not want to employ anyone any more and that they think it should all come back to the Welsh Government, that is a discussion that I am happy to have. However, the preservation of local authorities is really important to me. If they want to be there, they have to make the difficult decisions along with the good ones.

[33] **Peter Black:** Minister, I agree that it is a matter for local authorities, and I acknowledge that money has been put into the settlement in the past. Many local authorities put that money to one side to make the settlements, and that is the right thing to do. I also noted that, when Flintshire settled, you were very active in the media yourself on this issue. However, we will put that to one side. The issue, as you have identified, is to do with the threat of secondary claims. Many local authorities are struggling with that threat with regard to how they settle. Is there any way you can look at how we can effectively draw a line under this process in terms of those claims, perhaps through legislation, which might assist local authorities to come to a quicker settlement?

[34] **Carl Sargeant:** That is very interesting point. I have considered whether there is legislation that we could make to stop the secondary claims process. I will perhaps seek further legal advice on that. Again, I will be happy to keep this committee informed on how we are progressing with that difficult issue, Peter, because there is always challenge in the system. However, it is something that I will certainly look at. With regard to the Flintshire settlement, you will also be aware that I am an Assembly Member as well as a Minister.

[35] **Ann Jones:** Just before we move on to Peter's question on my favourite subject of hypothecation, I have a question on equal pay. Previous Welsh Governments put in £54 million of additional money purposely for equal pay. How certain are you, through monitoring and evaluation, that that £54 million was spent on addressing the equal pay situation and not just put into the revenue support grant and used for other things, such as building beautiful art galleries? Is it possible to get a note on how much each authority had out of that £54 million and whether you are confident that it was spent for that purpose of equal pay?

[36] **Carl Sargeant:** That will take some work. That question may be better put to the WLGA, but I will do my best to answer it for you, Chair.

[37] **Ann Jones:** I do not expect you to answer it now. Moving on to my favourite subject of hypothecation, Peter has a question.

[38] **Peter Black:** On the issue of hypothecation, I do not think that that money for equal pay was hypothecated, was it?

[39] **Carl Sargeant:** No, it was not, you are right.

[40] **Peter Black:** Minister, how will you assess the effectiveness of your approach in reducing the administrative burden associated with ring-fencing grants provided to local authorities?

[41] **Carl Sargeant:** Hypothecation versus non-hypothecation is an interesting debate that is usually had in the Chamber, but which I imagine now happens in this committee between two people. What I have said to local authorities is that I am keen to move away from hypothecation and into RSG, provided that there is some assurance on service delivery. We can see examples of this. We need to know that, when we have long-term agreements around service delivery and we roll it into the RSG, the service will continue. What worries me is if it does not. So, as a Government, we have to have some handle on this to challenge what services are delivered with regard to the expectations of Government in terms of delivery.

[42] With regard to where we are now, we have moved significantly more resources into the RSG. One of the elements that you will have seen in the budget this year is around the regulations on sunbeds. It is a very small amount of money, but there was a lot of red tape involved, so we have just rolled that into the RSG. We have also had discussions with other Ministers about rolling a significant grant into the RSG this year, but we have had to hold that back. Local authorities agreed that, but have now come back to say that they do not want it in the RSG. There are some technical issues around that that we are trying to resolve, and, should local authorities come to a collective agreement for it to go into the RSG, then we are happy for that to happen.

[43] **Peter Black:** I believe that that relates to one grant in relation to bedblocking, where there is a question about the distribution formula if it went into the RSG. That is my understanding anyway.

[44] **Carl Sargeant:** That is broadly correct. It is a significant grant and the distribution sub-group agreed for it to go into the RSG, but that has now changed.

[45] **Peter Black:** There have been estimates that the cost to local authorities of administering ring-fenced grants is about £15 million a year and there is a cost to the Welsh Government as well. I understand that you feel that there is a need to ring-fence and hypothecate certain funds, but do you apply an economy-of-scale test to grants, given that some grants cost more to administer than what is given to local councils? If so, what is that level?

[46] **Carl Sargeant:** I will ask the team to come in with regard to numbers. There is always a baseline for the cost of delivery, but it goes without saying that if there was no hypothecation in some areas, then delivery just would not happen. So we must apply that test of the cost versus delivery; that is another consideration. I do not know whether the team has a figure on the baseline for costs; I suppose that it varies across individual grants.

[47] **Mr Kilpatrick:** We do not have a specific figure. Internally, we have used a figure of around £4 million before, but that is more or less as a guide. That figure will be mediated, for example, according to whether it is the first, second, third or tenth year that a grant has been hypothecated, and also whether there is a strong political imperative for that particular service to be delivered. For example, we currently have a small grant relating to public facilities and opening facilities in business premises up to the public. There is a high incentive for maintaining that grant, so, while it is very small and the administrative costs are perhaps proportionately quite high, there is a political and policy worth to continuing that grant.

[48] **Peter Black:** Do you not think, when you have particularly small grants, that there are other ways of delivering, such as putting duties on local authorities, backed up by inspection, or by having agreements with local authorities to deliver? Local authorities have so far delivered on the Welsh Government's pledge to put the extra 1 per cent in education, and it looks as though they will be doing so in future years. So, agreement does work sometimes.

[49] **Carl Sargeant:** There are some issues behind that theory. If it was as straightforward as that, Peter, then things would be much easier.

[50] **Peter Black:** The same is true of social services, too.

[51] **Carl Sargeant:** The agreement on 1 per cent with regard to the delivery of that service was an interesting debate. The Minister said that that was how it should perhaps be delivered and that, if it was not, then it would be delivered by another method. That is perhaps why local authorities agreed to deliver it.

[52] I want to pick up the issue on the public facilities grant, which is something that I did consider. The team came to me with a submission that it should perhaps be rolled into the RSG, which I considered. It is a very small grant, but not all 22 authorities bid for that small grant, yet there would have been a consequential for those authorities that did not bid for it and they would have received an amount of money. I do not think that that is reasonable: if they are not delivering the service, why should we pay them for it?

9.30 a.m.

[53] So there are some complexities there. That is just one example of a small grant that it would have been quite nice to get in the RSG, but there are, I think, four authorities that have not bid for that grant yet they would have gained significantly. Cardiff authority would have been a huge beneficiary, because of how the RSG is distributed according to the formula, yet it would be fair to say that Cardiff does not deliver more services than some of the smaller authorities in this regard.

[54] **Ann Jones:** We have a question from Mike, very quickly, and then we need to make some progress.

[55] **Mike Hedges:** I have two quick points. Is having service expectations a way of getting around hypothecation? You have an expectation that authorities will provide a service to a certain level, and you have an inspection process to ensure that happens, rather than using hypothecation. On specific grants—you have summed it up—when they are rolled into the RSG, there are winners and losers. The unfortunate thing is that those who have done most in the past tend to be the losers, and those who have done the least tend to be the winners. I would hope that you would still keep giving specific grants for those reasons. I still bear the scars from the ending of the mental handicap strategy in the 1990s.

[56] **Carl Sargeant:** Briefly, Chair, there is a fine balance between the delivery of services and the inspection regime, because I get it from both sides: people say that they want less hypothecation, and grants rolled into the RSG, but they want less inspection as well. You cannot have it every way. If I provide less money in specific grants, then there will be more inspection. It is a balancing act.

[57] **Janet Finch-Saunders:** Have any assumptions been made regarding the council tax levels that local authorities will set in terms of the percentage increase in bills? Have you considered whether there will be a system of capping in 2012-13? If there will be, what criteria will apply?

[58] **Carl Sargeant:** No assumptions have been made with regard to council tax levels; that is a matter for local authorities. I was clear in the settlement announcement made yesterday that it is a matter to be determined locally. I expect them to consider their budgets as a whole. That is a strange statement to make, but most do in considering whether there will be council tax increases or otherwise. In terms of capping, the consideration of the capping regime will apply exactly as it has done in previous years, should that fit.

- [59] **Janet Finch-Saunders:** Under what criteria?
- [60] **Carl Sargeant:** The same criteria: based on what is reasonable.
- [61] **Janet Finch-Saunders:** Define 'reasonable'. [*Laughter.*]
- [62] **Carl Sargeant:** It is a broad definition. It is what the public's expectation is when these figures are produced by local authorities. I will consider that then, and I will make a decision with advice from my team.
- [63] **Peter Black:** It was Frederick the Great who had the words 'the ultimate reason' carved on his canons, Minister. [*Laughter.*]
- [64] I want to talk about the formula. The settlement that was published yesterday shows some variation. I do not have a brief for Monmouthshire, but it has come bottom in terms of the settlement. I understand that that is because of the breakdown of the properties and the revenue that comes from that in council tax; the authority has a larger income from council tax revenue as a result. However, Monmouthshire, like many other authorities in that category, has pockets of deprivation. How does the formula allow for that sort of contrast between very affluent areas, which are producing large council tax receipts, and pockets of deprivation in the same local authority? How does it give authorities the flexibility to deal with that?
- [65] **Carl Sargeant:** The formula is determined by the distribution sub-group of the Welsh Local Government Association and us. It is a formula agreed between the 22 authorities, as you are aware. Representatives of Monmouthshire, Newport, Denbighshire, and so on, all sit around the table and they all agree on the principles of the formula. It was changed last year, and was amended significantly. There is quite a lot of turbulence in the formula. You will be aware that I put a floor system in last year to dampen a significant swing to some authorities. Last year, the only winner in terms of the RSG settlement would have been Cardiff, and the 21 other authorities would have lost funding, but I put in that dampening process. However, if you have a formula that is believed to be the right formula by the 22 authorities, it seems a bit odd to start to move away from that for any reason. That is why, this year, I am seriously considering moving away from the floor system, resulting in the figures presented to you and your question about Monmouthshire specifically.
- [66] The RSG and the settlement are one element, but, on the issue that you raised regarding deprivation, we have Sure Start, Communities First and regeneration programmes, which are all funded separately. So if Monmouthshire has needs in that regard, it will attract funding through those other methods, but the formula is the formula, which, unfortunately, is agreed by most, when it suits.
- [67] **Peter Black:** Are you saying that the reason why you have not introduced a floor this year is because you now have confidence in the formula?
- [68] **Carl Sargeant:** No, I am saying that I have not yet given that full consideration, because there are two elements here. First, it is a consultation; it is a provisional settlement, and I want to understand fully what the local authorities think of the formula. Secondly, there is the grant that I mentioned earlier and what will happen with that. If that goes into the RSG, it will make significant changes to the overall quantum.
- [69] **Peter Black:** Depending on the formula that you apply to it, of course.
- [70] **Carl Sargeant:** Of course, but there will be some movement within the provisional

settlement figures. Therefore, based on the final projections, I will consider whether there is such turbulence in the system that a floor mechanism is needed. It has been fully discussed with the WLGA. If we have a formula in place, it seems a bit bizarre to move away from it and to put in a floor system. It is about giving a real consideration to the final numbers, at the end of the day.

[71] **Ann Jones:** We are running out of time, and we are about halfway through the questions and I am sure that Members have more supplementary questions to ask.

[72] **Carl Sargeant:** I will be quick, Chair. I am sorry for jabbering on.

[73] **Ann Jones:** No, that is fine. That was just a reminder to everyone. Mark, do you want to take the next question, please?

[74] **Mark Isherwood:** Yes. How has the increase in the improving services, collaboration and democracy spending programme been funded?

[75] **Carl Sargeant:** I think that I might have covered that earlier. We have taken the block of funding for efficiency, innovation, local and regional collaboration and moved it into the improving services element. So, there has not been a reduction in funding; it has just been moved to a different box, if that makes any sense.

[76] **Mark Isherwood:** What impact has that had on other budget allocations? I note, for example, that the local government performance and improvement line has decreased by 3.4 per cent in real terms and 1 per cent in absolute terms. Can we establish how one has cross-fertilised the other?

[77] **Mr Kilpatrick:** On that line, as part of last year's budget we reduced the ongoing grant to the WLGA by £300,000, and recycled that money into the RSG. So, that money went directly into front-line services.

[78] **Carl Sargeant:** On that point, as to why they were brought into the same budget line, it is important to say again, as I started off by saying, that instead of looking at individual budget lines doing their own thing, we are now looking at how we can get the best buy-in from across the departments, looking at who is doing what where so that, hopefully, we can have a better input with the use of that money.

[79] **Mark Isherwood:** Okay. I think that the question has been answered.

[80] **Ann Jones:** Joyce has the next question.

[81] **Joyce Watson:** Sorry, I was just looking at the figures. What financial provision has been made specifically to implement the Simpson review and the wider collaboration agenda?

[82] **Carl Sargeant:** The Simpson review is at an interesting point at the moment in terms of local government. We are expecting local authorities to consider the Simpson compact any time now, so, by December, we hope that the 22 authorities will be signed up to delivering Simpson across Wales. It is ambitious and deliverable, and with the Welsh Government and local government working together, we can deliver that. Simpson is not an add-on; it is about looking at what we do and how we can deliver services better and cheaper, and how we can move that agenda forward on a regional basis. Broadly, it is well-received across local government and the broader public sector, because we are working on Simpson, not just with local government, but with the third sector and the public sector, too. I have had lots of discussions with the Minister for Health and Social Services and other Ministers across the portfolios about how we deliver this element. It is not an add-on; it is about looking at what

we do, how we do it better, getting on with it and saving some money.

[83] **Mark Isherwood:** Experience shows that when there is a merger or closer collaboration in service delivery, there is a high cost to the restructuring, apart from funding that service delivery, which may deliver more efficiency savings further down the road, but not up front. How have you factored in the cost of structural reorganisation?

[84] **Carl Sargeant:** There is a budget line for oiling the cogs, in terms of trying to get momentum. However, we are looking at two different places here. There is a huge cost to reorganisation, and that has been evidenced in other reorganisations that have taken place. If we look at service delivery through collaboration, we are seeing some fantastic results already reducing costs that have been stimulated by small amounts of money—and I mean very small amounts of money, and in some cases, none. That has happened within the authorities. There are some great examples across the north Wales coast. There is another great opportunity for collaborative working in Gwent. So, what we are finding, Mark, is that if there are willing partners to do this, it moves smoothly and quickly. There will be win-wins for some, and not-so-big wins for others in these collaborative agendas, but long term, we are saving and improving public services, and, hopefully, saving money at the same time. So, I understand your question, but I do not think that we are at the level of needing to fund that amount of money to make significant changes in the system.

[85] **Bethan Jenkins:** Cafwyd cwestiwn ar Gymunedau'n Gyntaf, ond gan ddilyn hynny, gwelwn fod y gyllideb wedi lleihau o £45 miliwn i £40 miliwn. A ydych yn hyderus bod modd gweithredu'r cynllun hwn yn effeithiol yn sgîl y toriadau hynny ac yn sgîl y problemau amlwg a gafwyd gyda Chymunedau'n Gyntaf yn y gorffennol? A ydych chi'n dal yn gallu profi bod y cynllun hwn yn ei gyfanrwydd yn rhoi gwerth am arian?

Bethan Jenkins: We have already had a question on Communities First, but following on from that, we note that the budget has gone down from £45 million to £40 million. Are you confident that this scheme can be implemented effectively in the wake of those cuts and in the wake of the clear problems that have happened with Communities First in the past? Do you still think that this scheme in its entirety provides value for money?

[86] **Carl Sargeant:** You will be aware that we are transforming the Communities First scheme. We have gone out to consultation, and we have had over 300 responses. When things go wrong, it is absolutely right that we are transparent in that process and say that things have gone wrong. However, let us not put the Communities First programme down on the basis that we have had two, three, four or five problems. We have invested millions and millions of pounds in the Communities First programme to make changes in our communities. If we look at criminal activity, I am not saying that any is good, but on the scale of this programme, we have seen a small number of cases of corruption or criminal dealings. Compared to the whole programme, it is really small. That is not to say that it could not be better, however, and that is why we have the consultation process, to change the way that the system works.

[87] In terms of the budget line, I will say on the record, Chair, that we have funding for all the staff in Communities First partnerships. I am saying that so that we do not worry about staffing in Communities First partnerships. We have the money to deliver that. However, that does not mean that we do not need to change the way the system works. So, staff within the organisation will have to adapt the way in which they operate. I am confident that, with the new system, we can make a better system. We have to increase the accountability, governance arrangements and support for organisations. We are putting millions of pounds into communities. If we are being honest, it is sometimes the case that these communities have never dealt with that amount of money, and that is really difficult for some people. As a Government, we must put in place some areas of support to ensure that money is delivered correctly and that it makes a difference in our communities, not to continue funding

communities to stay poor, but to grow communities out of poverty.

9.45 a.m.

[88] **Bethan Jenkins:** Ar y pwynt staffio, nid wyf yn credu y dylai hyn fod yn rhan o'r drafodaeth, oherwydd, fel y clywodd y Pwyllgor Archwilio yr oeddwn yn aelod ohono ar y pryd, mae'r rhan fwyaf o'r arian yn mynd at gostau staffio. Fy ffocws i yw bod y cynlluniau yn cael eu cyflawni o fewn y cyfyngiadau ariannol yr ydych wedi sôn amdanynt, oherwydd mae rhai cymunedau yn gwarafun y ffaith nad ydynt yn rhan o Gymunedau'n Gyntaf. Wedi 10 mlynedd a mwy o ddatganoli, mae'n rhaid rhoi sicrwydd i'r cymunedau hynny y bydd y cynllun hwn yn newid fel nad yw pobl yn ei feirniadu yn y dyfodol.

Bethan Jenkins: On the staffing point, I do not think that this should be part of the debate, because, as the Audit Committee that I was a member of at the time heard, most of the funding goes towards staff costs. My focus is that the plans are delivered within the financial constraints that you mentioned, because some communities resent the fact that they are not part of Communities First. After 10 years and more of devolution, those communities must be given assurances that this scheme will change so that people are not critical of it in future.

[89] **Carl Sargeant:** You are absolutely right. As Peter said, there are areas of deprivation in Monmouthshire that do not attract funding. It is important that we open the scheme for the delivery of anti-poverty objectives across Wales. What we should not do is to take funding away from targeted areas where it makes a difference. We do not celebrate the fact that some Community First areas are no longer in the index of multiple deprivation. That is a great success, but we do not know whether Communities First has made that specific difference. However communities that were in are now out of it. The question is whether or not we should continue to fund an area that is not in the 'win' model. We need to be brave and say that we have done some good work and have brought some areas out, but there is also a transitional element, which I am considering. It is about broadening the opportunity across my portfolio and others with regard to how we can support our communities.

[90] **Mike Hedges:** What impact will the reduction in funding for financial inclusion have on taking forward financial inclusion initiatives across Wales, and have you discussed the potential impact of these reductions with stakeholders?

[91] **Carl Sargeant:** There is no significant reduction in this funding line. The baseline is relatively stable. The change has been specifically to do with pilot projects. It would be nice if we had the money to continue those pilot projects, but we do not. So, the baseline of this budget has remained relatively stable—it is just the additionality for pilots that will probably no longer continue.

[92] In terms of the funding for the organisations that you mentioned, we do not fund them.

[93] **Mike Hedges:** I did not name any organisations.

[94] **Carl Sargeant:** I am sorry; what I meant was that there are organisations within financial inclusion that the Welsh Government does not fund, so the changes in the budget lines in terms of pilots are minimal, I would suggest.

[95] **Peter Black:** The Wales Council for Voluntary Action stated to the Finance Committee that the reduction in funding for public services is putting a greater pressure on the third sector to deliver services, and that it will disproportionately impact on vulnerable people. What monitoring work are you doing on how that is working through? In particular,

are you looking at ways in which local government is passing on services to the third sector? Is it a case of displacement activity and forcing the third sector into a tendering exercise? How is that working through in terms of the impact on the third sector?

[96] **Carl Sargeant:** We are trying to build on the trust between local government, the voluntary sector and the Welsh Government to build those links, and we have partnership councils for all of them. Working with the WCVA, we have tried to make some headway with local authorities to design a voluntary compact around service provision. I have looked to deliver some legislation in this regard in this Assembly term. However, I would like to think that we may not have to use the legislation, as local authorities will have a genuine interest in service delivery through the voluntary councils and voluntary organisations.

[97] It would be fair to say that there are examples where they are the first to fall off the end, in terms of funding decisions. That is the element where local authorities have to understand the value of this. It is not a nice add-on. Sometimes, it delivers some unique services to the needy in communities, and most people understand that. However, it goes without saying that the WCVA is in the same position as local government, with regard to the financial constraints it has to operate in. It also has to look at the Simpson agenda and at how it can adapt its operations to work differently. We cannot afford duplication in the system. With regard to local authorities, I give the example that it is not always necessary to do something 22 times. In the voluntary sector, we are talking of duplication of certain services happening hundreds of times. Some do it well, while others do it because there is money attached to it. We have to be grown-up in our decision making and say, 'You do this well, and we will continue to fund it' and, 'You do this service okay, as well, and another can do that and another still do something else', but let us not have everybody doing the same thing.

[98] **Peter Black:** It has been suggested that third sector organisations are having to compete in a competitive tendering exercise with commercial organisations from outside Wales to take on public services that they have delivered in the past. Are you aware of instances of that, and how would you respond to that?

[99] **Carl Sargeant:** I am aware of that and of the organisations' concerns. There are aspects of Welsh Government and local government operations and services that, quite rightly, are procured, and there are others that should be provided through grants. There are some legal issues around that process. However, I do not think that they are always insurmountable, in terms of the way that contracts are drafted, to deliver required services locally.

[100] **Bethan Jenkins:** I ehangu ar pwynt hwnnw, pa waith yr ydych yn ei wneud o ran mudiadau tebyg yn ceisio am yr un math o grantiau, a sut byddwch yn sicrhau na fydd hynny'n digwydd yn y dyfodol? Mae pobl wedi dod i'm swyddfa yn dweud bod cynghorau gwirfoddol lleol yn cystadlu am y grantiau ac mai diffyg gallu sy'n cadw'r mudiadau llai rhag cael mynediad i'r broses. Credaf felly fod gwaith i'w wneud yn hynny o beth. A oes pwrpas i fudiadau llai geisio am grantiau os nad ydynt yn gallu bod yn rhan o'r broses, a hynny'n deg?

Bethan Jenkins: To elaborate on that point, what work are you doing with regard to similar organisations applying for the same sorts of grants, and how will you ensure that that does not happen in future? People have been to my office and said that local voluntary councils are competing for the grants and that a lack of know-how is keeping smaller organisations from gaining access to the process. I think that there is work to be done in this regard. Is there any point in smaller organisations applying for grants if they are not be part of the process, and to do so fairly?

[101] **Carl Sargeant:** You raise an important point. I have challenged the WCVA, as the umbrella body for voluntary organisations, to look at that system. Internally, we are looking at

all the grant funding that we give to voluntary organisations. Some of them are multifunded by different departments. There are some questions around whether that is right, because there is a backroom office element to this, in that we may all be paying, as different departments, money to the same organisation, which is clever but bizarre. So, we are looking at that internally.

[102] I have challenged the WCVA, and it is responding to that, but it is not an easy challenge, because these are voluntary organisations of varying sizes. Some of the national ones are well organised in terms of their operation, in lobbying and in developing professional opportunities within the organisation, whereas some of the more local ones, which we are all aware of, often operate hand to mouth, for want of a better phrase, and find it difficult to compete. That is why it is important that the WCVA, as the lead body, starts to get some structure around the organisation, to say who delivers which services where, as they cannot all deliver it. That is the challenge that I have given the WCVA about streamlining who does what.

[103] **Bethan Jenkins:** A allwn gael nodyn ar hynny? Byddai'n helpu o ran deall beth yn union yr ydych wedi gofyn iddynt ei wneud. Credaf fod hwn yn broblem fawr oherwydd bod yr arian yn brin a nid ydym am wastraffu arian, yn enwedig os nad yw'n mynd i'r lle cywir.

Bethan Jenkins: Can we get a note on that? It would help in understanding exactly what you have asked them to do. I believe that this is a major problem because money is scarce and we do not want to waste money, especially if it is not going to the right place.

[104] **Carl Sargeant:** I did not say that money did not go to the right place and I know that you were not inferring that. However, we have to say that money could be better spent in some areas by different organisations. *[Laughter.]* I am happy to offer you a note on that. I do not want to accuse organisations of not spending their money correctly.

[105] **Ann Jones:** We are up against the clock, so we will see how many question we will get through. We may have to write to you, Minister, with some other questions.

[106] **Joyce Watson:** On community safety, Minister, we all know that the success in meeting the strategic priorities for safer communities depends significantly on UK Government policy direction on criminal justice and policing, which are not devolved. How will you ensure that Welsh Government funding is targeted to deliver your objectives and those of the Government, instead of compensating for the cuts that are being made by the UK Government?

[107] **Carl Sargeant:** That is a difficult one to manage, Joyce. I cannot stop the reductions that are coming up the M4, for whatever reason—I do not wish to be too political. We can do things differently in Wales and we have opportunities with the systems that we have in place. Policing is not devolved, as you quite rightly said, but we are working on some elements. We have a manifesto commitment to provide 500 police community support officers, which will help with community safety. We also have 'The Right to Be Safe', which is our strategy on domestic abuse, and I know that you have a great interest in that strategy. We are investing in it and making a difference to people. Twenty-six per cent of women across England and Wales will experience domestic abuse in their lifetime. It is wrong and we are doing something in Wales to support that process of prevention. We are also investing heavily in the issues around substance misuse. The youth justice element is devolved, and we are having some great results on that. I say 'great results', but we have around 100 young Welsh people in institutions across the UK; that is not good enough, but is a huge reduction from where we were in 2007. So, we are doing things right, but they are only parts of the community safety agenda. I hope that we can make a difference, but I cannot mitigate some of the issues and the cuts that are coming down the M4.

[108] **Joyce Watson:** Since you mentioned domestic abuse, Minister, I will ask a question on that. The domestic abuse capital allocation is facing a 30 per cent reduction in real terms for the next year and thereafter. Welsh Women's Aid has expressed concerns that, while the capital budget has been supplemented in previous years, this cut in capital funding does not mirror the Welsh Government's commitment to domestic abuse over the past year. How do you respond to that?

[109] **Carl Sargeant:** I hope that I champion this cause in the Welsh Government. Wherever I go, I say that this is really important for the Welsh Government. We have continued to protect that revenue line when other areas have seen reductions. In terms of capital, the allocation in the budget was £700,000 across the three-year period. I invested a total of £1.2 million in 2009-10 and £2.5 million last year, against the £700,000 that was in the budget line. That shows our commitment. Where there is flexibility in the budget, I will invest in this service, because I believe that it is the right thing to do. My Government colleagues believe that it is the right thing to do, and we will continue to do that. I understand that Welsh Women's Aid and other organisations would be concerned if they had £2.5 million last year and the budget line says £700,000 for this year, which it did say originally. There is a variation, but it does not undermine our commitment to the cause.

[110] **Ann Jones:** Gwyn, do you want to ask your question? We will have to have quick questions and answers from now on.

[111] **Gwyn R. Price:** Funding to provide 500 additional police community support officers is not included in the 2012-13 draft budget. Why has the decision been taken to wait until 2013-14 to recruit these officers?

10.00 a.m.

[112] **Carl Sargeant:** The budget line that the PCSOs are to come from is 'Funding Support for Local Government', which is the £4.2 million line. The issue around the timeline has primarily arisen because of training and staff opportunities, not because we are not keen to invest. However, I can tell the committee that I have now had Cabinet clearance to start training in two weeks' time. So, I will have PCSOs in training in Dyfed-Powys and Gwent, I think, at the beginning of November, which is really moving this agenda on. Primarily, the issue was that introducing 500 PCSOs into the system is not something that can be done overnight. There is a training element to this, as well as an issue to do with capacity within the forces themselves.

[113] **Gwyn R. Price:** So, really, you are saying that a certain amount of officers will be on the streets sooner rather than later.

[114] **Carl Sargeant:** This is a bit of a leap in the dark, but I am pretty confident that I will have new Welsh Government-funded PCSOs on the streets by Christmas.

[115] **Gwyn R. Price:** Merry Christmas.

[116] **Peter Black:** You said, Minister, that the reason the money was being delayed was because of problems with training, yet when the police gave evidence to this committee a few weeks ago, in relation to community safety, they were very specific that they were ready to deploy those PCSOs straight away. I do not understand where this breakdown in communication has occurred between you and the police in relation to the readiness of these PCSOs.

[117] **Carl Sargeant:** I do not believe that there was a breakdown in communication. I

have a very good relationship with the police; we have a working group to deliver 500 PCSOs. There is certainly a recruitment issue because, after all, there is a process for recruitment. On the budget line alone, I cannot deliver 500 PCSOs this year. It is physically impossible because of recruitment and impossible in cash terms, because this is a rolling budget that moves forward. I have advanced that process so that we will have PCSOs this year, and I hope that I will have the full complement by September next year.

[118] **Peter Black:** Did the First Minister not say during the election campaign that the money was already in the budget?

[119] **Carl Sargeant:** That money is in the budget.

[120] **Peter Black:** It was not though, was it, because you have just put it in now?

[121] **Carl Sargeant:** Sorry?

[122] **Peter Black:** It was not in the budget because, according to the budget papers, it was not in until the year after next.

[123] **Carl Sargeant:** The full amount will be in the budget through this process. The manifesto commitment, Chair, and we need to be very clear here, is to deliver 500 PCSOs during the lifetime of this Assembly. I am saying that I hope that we will have them in place—give us a few weeks either side—by September next year. I think that that is a reasonable expectation and is good in terms of delivery.

[124] **Ann Jones:** It might be helpful if we had a note on the process and the point that Peter made in terms of the police being rearing to go and you talking about the training and the working group.

[125] **Carl Sargeant:** I would be happy to provide that.

[126] **Ann Jones:** Could we also have a note on the effect that the 9.2 per cent cut in real terms to the substance misuse capital funding has on your ability to deliver the targets in the 'Working Together to Reduce Harm' strategy?

[127] **Carl Sargeant:** Okay. We will pick that up from the Record, Chair, and respond to you in written form, if that would be helpful. I am happy to answer any further questions or to provide written submissions for clarity.

[128] **Ann Jones:** We will probably write to you on that; we will take a quick five minutes after the committee to consider any further questions. Thank you very much. You will be sent a copy of the transcript to check for accuracy. Thank you very much to you and your team for coming today.

*Gohiriwyd y cyfarfod rhwng 10.04 a.m. a 10.29 a.m.
The meeting adjourned between 10.04 a.m. and 10.29 a.m.*

**Craffu ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2012-2013: Leighton
Andrews AC, y Gweinidog Addysg a Sgiliau
Scrutiny of Welsh Government Draft Budget Proposals 2012-2013: Leighton
Andrews AM, Minister for Education and Skills**

[129] **Ann Jones:** Welcome back to the committee. If you switched your mobile on during the break, will you ensure that it is off because it affects the broadcasting? I welcome the

Minister for Education and Skills, Leighton Andrews, who has brought with him Emyr Roberts, the director general of the Department for Education and Skills, and Ceinwen Jones, the head of the Welsh language development unit. Thank you for coming in. We will look at the issue that affects our committee from your portfolio, which is the Welsh language. Our questions for this session are around the Welsh language and your responsibility for that in the Government. I understand that you do not want to make an opening statement, so we will move straight to questions. That is helpful.

[130] Your department has a key priority to see the Welsh language thrive in Wales. How confident are you that the allocations that you have made in the draft budget will enable that to be achieved?

[131] **The Minister for Education and Skills (Leighton Andrews):** In the context of the financial constraints facing the Welsh Government as a result of the UK Government's decision to cut spend in real terms by £1.8 billion over three years and the cuts that we are facing in revenue and capital this year, we have made a reasonable settlement for the language in difficult circumstances. The revenue funding for the Welsh Language Board is scheduled to increase from £13.9 million in 2011-12 to £14 million in 2012-13, and to £14.1 million in the two ensuing years. As a result of the Welsh Language (Wales) Measure 2011, the money will be redistributed subsequently between the commissioner and us. We are increasing the capital spend from £50,000 to £100,000 over the next year. That demonstrates that there is a commitment to maintaining support for the Welsh language in the context of pressured budgets elsewhere in the Welsh Government.

[132] **Rhodri Glyn Thomas:** Weinidog, yr ydych yn sôn am y cynnydd yn yr arian ar gyfer gweithgareddau a oedd yn cael eu cyflawni gan Fwrdd yr Iaith Gymraeg yn y gorffennol ac sydd bellach yn cael eu rhannu rhwng y comisiynydd a Llywodraeth Cymru. Fodd bynnag, yng nghyd-destun arian refeniw, mae gostyngiad mewn termau gwirioneddol o 6.2 y cant rhwng 2011-12 a 2014-15. Pam fod gostyngiad yn y gyllideb honno? A yw'n deillio'n uniongyrchol o'r toriadau gan Lywodraeth y Deyrnas Unedig y buoch yn sôn amdanynt?

Rhodri Glyn Thomas: Minister, you mentioned the increase in the funding available for activities that were previously undertaken by the Welsh Language Board and that are now shared between the commissioner and the Welsh Government. However, in the context of revenue funding, there is a real terms reduction of 6.2 per cent between 2011-12 and 2014-15. Why has there been a reduction in that budget? Is it as a direct result of the UK Government cuts that you were talking about?

[133] **Leighton Andrews:** In the context of what I said earlier about the overall cuts to the Welsh Government budget in real terms of £1.8 billion, you can see that, across the piece in the Welsh Government, we are receiving cuts in real terms and it is almost inevitable that budgets—even where we have been able to increase them, as we have marginally here—will face real-terms cuts.

[134] **Rhodri Glyn Thomas:** Yr ydych wedi cyfeirio at y cynnydd o £50,000 i £100,000 yn yr arian cyfalaf a fydd ar gael ar gyfer 2012-13 a'r blynyddoedd i ddilyn. Yn yr arian cyfalaf yr ydym yn gweld y toriadau mwyaf o 41 y cant. Beth sy'n cyfiawnhau'r cynnydd mewn cyfalaf?

Rhodri Glyn Thomas: You have referred to the increase in capital funding from £50,000 to £100,000 for 2012-13 and the following years. The greatest cuts are in capital funding, where there are cuts of 41 per cent. What is the justification for the increase in capital?

[135] **Leighton Andrews:** You are right to refer to the overall cuts in capital that we have had of 40 per cent over the period of the comprehensive spending review, which are very serious indeed for my overall department and will have a real impact on our ability to roll out

programmes. In respect of the capital for the Welsh language, we will be establishing the Welsh Language Commissioner's office and we need to have some provision as there are inevitably capital spending requirements when you establish a new office, so we have to make that provision available.

[136] **Joyce Watson:** You say in your paper that providing services bilingually is mainstreamed across all the Welsh Government areas and that it is not possible to provide overall figures for promoting the language. Do you have any other ways of monitoring expenditure on the Welsh language and its impact?

[137] **Leighton Andrews:** We do not monitor spending overall on services according to whether they are provided through the medium of English or Welsh, or for publishing material or answering correspondence in English. It is difficult to make that calculation. If you were to look at spending on education, we would be unable to give you a precise figure of how much is spent by local authorities on the Welsh language. However, what we can do, as a proxy, is to say that roughly 30 per cent of primary schools are Welsh-medium primary schools, which gives you some sense of how budgets are being spent. An exercise could be conducted to try to get a better breakdown of that spend, but I do not think that I could give my support to an evaluation that might not be a good use of money when budgets from the front line are currently under such pressure.

[138] **Bethan Jenkins:** Dywedodd Jane Hutt yn y pwyllgor hwn yr wythnos diwethaf fod adrannau wedi gwneud sgrinio cyfleoedd cyfartal. A yw hynny'n digwydd o ran yr iaith Gymraeg? A ydych yn monitro ac yn sgrinio polisiau sy'n ymwneud â'r iaith o fewn y Llywodraeth?

Bethan Jenkins: Jane Hutt said in this committee last week that departments had undertaken equalities screening. Does that happen with regard to the Welsh language? Are you monitoring and screening policies that are based on the language within the Government?

[139] **Leighton Andrews:** We expect that the impact of policy on the Welsh language would be examined as departments develop policy. I expect that to be happening, but I am uncertain as to whether that is happening in the context of their equalities work.

[140] **Dr Roberts:** Rhan o swyddogaeth Ceinwen yw sicrhau ein bod yn gwybod beth sy'n mynd ymlaen o ran polisiau sy'n cael eu datblygu o fewn yr adran. Nid wyf yn hollol siŵr beth sy'n digwydd yn gyffredinol ar draws Llywodraeth Cymru, ond gallaf eich sicrhau bod sgrinio yn digwydd o fewn ein hadran ni.

Dr Roberts: Part of Ceinwen's function is to ensure that we know what is going on with regard to policies that are being developed within the department. I am unsure as to what is going on generally across the Welsh Government, but I can assure you that screening takes place within our department.

[141] **Bethan Jenkins:** Felly, nid ydych yn gwybod os yw sgrinio cyfleoedd cyfartal o ran yr iaith Gymraeg yn digwydd o fewn portffolios Gweinidogion eraill.

Bethan Jenkins: So, you do not know whether equalities screening with regard to the Welsh language is happening within the portfolios of other Ministers.

[142] **Dr Roberts:** Nid wyf yn gwybod unrhyw beth swyddogol am hynny. Efallai fod Ceinwen yn gwybod os yw hynny'n digwydd yn swyddogol.

Dr Roberts: I know nothing officially about that. Perhaps Ceinwen knows whether that happens officially.

[143] **Ms Jones:** Mae polisi dwyieithrwydd sy'n golygu bod sgiliau yn y Gymraeg yn cael eu hasesu. Fodd bynnag, nid yw'n glir,

Ms Jones: There is a bilingual policy that means that skills in the Welsh language are assessed. However, it is not currently clear

ar hyn o bryd, sut y gweithredir hynny yn yr adran.

how that is implemented within the department.

[144] **Bethan Jenkins:** A fyddai'n bosibl inni gael nodyn ar yr hyn sy'n digwydd yn eich adran chi? Byddai hynny'n ddefnyddiol ac yn ein galluogi i ddeall y sefyllfa.

Bethan Jenkins: Would it be possible for us to have a note on what is going on in your department? That would be useful and would enable us to understand the situation.

[145] **Dr Roberts:** Wrth gwrs.

Dr Roberts: Of course.

[146] **Bethan Jenkins:** Efallai y gallem ysgrifennu at Jane Hutt i gael esboniad pam nad yw'r iaith Gymraeg yn rhan o hyn.

Bethan Jenkins: Perhaps we could write to Jane Hutt for an explanation as to why the Welsh language is not part of this.

[147] **Leighton Andrews:** Byddaf i hefyd yn ysgrifennu at Weinidogion eraill ar y pwnc hwn.

Leighton Andrews: I will also be writing to other Ministers on this subject.

[148] **Janet Finch-Saunders:** Good morning, Minister. What impact has moving the funds that appear under the 'Welsh Language Board' action to your department had on the amounts that are now available in this regard? How did you decide on the priorities when the former spending programme area was being realigned under different departments?

[149] **Leighton Andrews:** There have been changes to the Welsh Government budget as a result of the changes to ministerial portfolios. Some of that was dealt with in the supplementary budget in June. Our department received transfers of £13.8 million for 2011-12, just under £14 million for 2012-13 and just over £14 million for 2013-14. These amounts relate to the revenue grant in aid funding for the Welsh Language Board. There is money retained within the heritage budget, of approximately £4 million per annum, which is spent on grants to the Welsh Books Council.

[150] **Rhodri Glyn Thomas:** Yr ydym wedi trafod y newidiadau o ran refeniw a chyfalaf yn y gyllideb. O ystyried yr holl newidiadau sy'n mynd i ddigwydd, megis dileu Bwrdd yr Iaith Gymraeg, y cyfrifoldebau hyrwyddo yn dod yn rhan o gyfrifoldeb Llywodraeth Cymru, a'r elfen reoleiddio, a fydd yn digwydd am y tro cyntaf, o dan ofal Comisiynydd y Gymraeg, a ydych yn hyderus bod modd cyflwyno a gweithredu'r strategaeth iaith Gymraeg?

Rhodri Glyn Thomas: We have discussed the changes with regard to revenue and capital in the budget. Considering all of the changes that are going to happen, such as abolishing the Welsh Language Board, the promotional responsibilities coming under the Welsh Government, and the regulatory element, which will happen for the first time, under the care of the Welsh Language Commissioner, are you confident that there is a way to introduce and implement the Welsh language strategy?

[151] **Leighton Andrews:** Yes. We have not yet published the final strategy; it has only been published in draft. I have chaired two meetings of the group that is supporting me in developing the strategy, and I can assure you that developing the Welsh language strategy is a priority for us. We want to ensure that we scrutinise all of the budgets that currently exist and previously existed under the Welsh Language Board in the context of that strategy, and we draw together the future spending and those strategic priorities. We are in a fortunate position, in which the fact that we are developing the strategy will enable us to look again at some of those budgets. The conversations that we have had with organisations in the field reinforce that that is a priority. People understand that, if we carry on spending in the way that we always have, we will get what we have always got. There is a willingness to look afresh at some of these budgets, and I welcome the engagement that we have had from outside

organisations to do that.

[152] **Rhodri Glyn Thomas:** Pryd yr ydych yn gobeithio cyhoeddi'r strategaeth derfynol? **Rhodri Glyn Thomas:** When do you hope to publish the final strategy?

[153] **Leighton Andrews:** It will be some time in the early new year.

[154] **Bethan Jenkins:** Yr wyf yn deall eich bod wedi esbonio'r arian cyfalaf i Rhodri Glyn Thomas, ond hoffwn gael mwy o syniad pam eich bod wedi penderfynu ei ehangu i'r swm penodol hwnnw. A yw hynny'n golygu adeilad hollol newydd? Beth fydd hyn yn ei olygu o ran y staff? Hoffwn gael mwy o syniad pam y daethoch at y penderfyniad hwnnw. **Bethan Jenkins:** I understand that you have explained the capital funding to Rhodri Glyn Thomas, but I would like more of an idea of why you decided to expand it to that specific sum. Does that mean a completely new building? What will it mean in terms of staff? I want more of an idea of why you came to that decision.

[155] **Leighton Andrews:** I do not think that you could get a completely new building for that level of increase, to be honest. Essentially, the work includes appointing the commissioner and transferring some of the staff who operate currently in different Welsh Language Board offices to the Welsh language commissioner's office or to the Welsh Government. It is a small contingency fund for any unforeseen capital costs.

[156] **Dr Roberts:** I ychwanegu at hynny, ar y cychwyn, un o'r syniadau oedd y byddai'r arian yn cael ei glustnodi ar gyfer datblygiadau ar wefan swyddfa'r comisiynydd. Fel mae'n digwydd, nid ydym yn meddwl y bydd llawer o gostau o symud o wefan bwrdd yr iaith i wefan newydd ar gyfer y comisiynydd, ond cafodd rhan o'r arian ei glustnodi ar gyfer hynny. Yr ydym wrthi ar hyn o bryd yn trafod dyraniad yr arian rhwng y Llywodraeth a swyddfa'r comisiynydd yn fanylach gyda'r bwrdd ac mae'r pwynt hwn wedi ei godi yng nghyswllt hynny. Erbyn tua'r Nadolig, byddwn yn sicrach o'r costau wrth fynd ymlaen. **Dr Roberts:** To add to that, at the outset, one of the ideas was that the money would be earmarked for developments for the commissioner's office's website. As it happens, we do not think that many costs will be involved in moving from the language board's website to a new website for the commissioner, but part of the money was earmarked for that purpose. We are currently discussing in greater detail with the board the allocation of the money between the Government and the commissioner's office, and this has been raised in that context. By about Christmas, we will be more certain of the costs going forward.

[157] **Bethan Jenkins:** I orffen, a ydych yn hyderus y bydd yr arian hwn yn ddigonol ar gyfer popeth y byddwch angen ei wneud, ynteu a fydd gennych gyllideb lle y gallwch ddweud bod angen mwy yn y fan hon a llai yn y fan draw i'w dynnu at ei gilydd? **Bethan Jenkins:** Finally, are you confident that this money will cover everything that you will need to do, or will it be a budget on which you can say that more money is needed here and less there to pull it together?

[158] **Dr Roberts:** Yr ydym yn eithaf hyderus bod y cyfanswm yn ddigonol. Efallai y bydd angen tipyn bach mwy o arian, ond, fel y dywedais, erbyn tua'r Nadolig, byddwn yn fwy siŵr am hynny. Fodd bynnag, ar y cyfan, nid wyf yn credu y bydd angen llawer mwy. **Dr Roberts:** We are fairly confident that the total will be sufficient. A little bit more might be needed, but, as I said, by Christmas, we will be more certain about that. However, on the whole, I do not think that we will need much more.

[159] **Peter Black:** Minister, you state that you expect around £4 million of the Welsh Language Board's current budget to go to the new commissioner's office, with around £9 million to be retained by the Welsh Government. How have you calculated these amounts? Do you have any figures that indicate the exact costs of the transition process?

[160] **Leighton Andrews:** We have been conducting an exercise with the Welsh Language Board; there was an implementation project following the Welsh Language (Wales) Measure 2011. That enabled us to look at the distribution of resources between the commissioner and the Welsh Government. We have been following the statement that was issued by the former Minister for Heritage in February on the new arrangements for promoting the use of Welsh, which outlined the different roles of the commissioner and the Government.

[161] **Peter Black:** Can you give any indication of the transition costs?

[162] **Leighton Andrews:** The estimated cost of the Welsh language unit project team for 2012 is £240,000.

[163] **Mark Isherwood:** How, if at all, will the grants and projects work of the Welsh Language Board be affected by the establishment of the commissioner's office and the transfer to the Welsh Government's Welsh language unit?

[164] **Leighton Andrews:** We are committed to seeing the Welsh language thrive. Embedding the responsibility for promoting the use of Welsh more firmly within the Welsh Government is the right thing to do. In exploring the development of the strategy, I have been focused on the question of how we develop a strategy that encourages the use of Welsh in the community, the workplace and so on. The commissioner will be able to monitor progress. We will be establishing the Welsh language partnership council under the Welsh Language (Wales) Measure 2011. We are following the approach that was adopted by the previous Minister for Heritage. I do not think that anything that I have done has departed from that.

10.45 a.m.

[165] **Mark Isherwood:** I would like to clarify something, if I may. The grants and projects are about delivering on the strategy. Do you not see that being affected in any way by your changes? Will your changes improve that, or will there be a reduction?

[166] **Leighton Andrews:** It is slightly too early to say, in the sense that I do not want to make long-term commitments before we have published the strategy. The funding has to follow the strategy. That is why we are going through this process and engaging very widely on the development of that strategy. We have published the draft strategy, so people can consider that and respond to it. An advisory group is supporting me on the development of the strategy, which includes a wide variety of organisations, from Mudiad Meithrin to Cymdeithas yr Iaith Gymraeg. We have had very good discussions about the evidence that is available internationally to demonstrate the most effective ways to encourage language take-up, development and usage. Once we have reached our conclusions on the strategy, we will look across the piece at the grants that are available and determine whether the grants as they are currently constituted are providing the most effective way of supporting that strategy.

[167] **Rhodri Glyn Thomas:** Byddwn yn dadlau mai un llwyddiant a gafwyd o ganlyniad i'r grantiau ar gyfer hybu'r iaith Gymraeg oedd sefydlu Golwg360. Mae'r ffigurau yn awgrymu bod cynnydd sylweddol yn nifer y bobl sy'n defnyddio'r gwasanaeth newyddion hwnnw. A ydych wedi asesu **Rhodri Glyn Thomas:** I would argue that one success resulting from the grants for the Welsh language was the establishment of Golwg360. The figures suggest that there has been a considerable rise in the number of people who use that news service. Have you assessed the success of Golwg360, and does

Ilwyddiant Golwg360, ac a yw hynny yn golygu eich bod yn bwriadu edrych ar y cymorthdaliadau sydd ar gael i gyfnodolion a chyhoeddiadau ar hyn o bryd ochr yn ochr â'r angen i fuddsoddi mwy er mwyn ehangu'r gwasanaeth a ddarperir gan Golwg360?

that mean that you intend to look at the grants that are currently available for periodicals and publications along with the need to invest more money in order to extend the service that is provided by Golwg360?

[168] **Leighton Andrews:** Discussions like that are probably premature. I read and use the service and it helps my Welsh learning. It has played an important role.

[169] **Rhodri Glyn Thomas:** Cawn sgwrs ar hyn rhywbryd yn y dyfodol. **Rhodri Glyn Thomas:** We will discuss this sometime in the future.

[170] **Joyce Watson:** Members and witnesses will have noticed that I am not Ann Jones. Ann has gone down with a terrible cough, so, unless anyone has any objections, I will chair the rest of this session. I see that there are no objections. Thank you.

*Penodwyd Joyce Watson yn Gadeirydd dros dro.
Joyce Watson was appointed temporary Chair.*

[171] **Mike Hedges:** You say in your paper that £4 million of the £9 million being retained by the Welsh Government will be added to the Welsh in education budget line. Can you clarify what you mean by the 'Welsh in education budget line'? Can you also explain what this entails, and what will be the impact on services currently being funded by that money?

[172] **Leighton Andrews:** The Welsh in education budget line was formally known as the Welsh language development budget line and it represents the budget used to support the Welsh-medium education strategy, which I published last year. That strategy has been operational since May 2010, and we published the first progress report on implementation in July 2011. The Welsh Language Board currently has some responsibilities in respect of education, and funding for that will transfer to my department's budget by 1 April next year, as I agreed with the previous Minister for Heritage at the beginning of this year. The 2012 budget will, therefore, include approximately £4 million extra of Welsh Language Board grants, including just over £1 million for Mudiad Meithrin and just under £3 million for grants to local authorities for *athrawon bro*. Those budgets are flatlined in the budgets that we have from the Welsh Language Board at the present time.

[173] **Mike Hedges:** I would like to ask a supplementary question, which drifts slightly from that point. My experience of living in a Welsh-speaking household in Swansea is that one of the problems is getting children to speak Welsh outside the classroom.

[174] Cymraeg sy'n cael ei siarad yn y dosbarth, ond Saesneg ar yr iard. Welsh is spoken in the classroom, but English is spoken on the yard.

[175] One great thing that has happened in our area is an organisation called Twrw Tawe, which my daughter attends. It has got children speaking Welsh in a social context. Where is the funding for this type of thing? The funding is relatively small, but it gets children to realise that Welsh is not only a language for learning, it is also a language for social interaction. This is important if you accept that the future of our language is in the hands of our children. I cannot find a budget for this type of thing. Small sums for such things would have a greater effect on developing the Welsh language as a living language than spending large sum of money would on lots of other things.

*Daeth Ann Jones yn ôl i'r Gadair am 10.50 a.m.
Ann Jones returned to the Chair at 10.50 a.m.*

[176] **Leighton Andrews:** I welcome what you say with regard to the success of that particular programme. Many people are currently bending my ear about support for programmes that will make a difference in the future. As I say, I would prefer that we conclude our discussions on the strategy before we make commitments with regard to the spending. However, you have put your figure on one of the big issues, which is: how do we encourage the use of Welsh by children and young people in particular outside the classroom? I am not sure whether every Welsh-medium school uses English in the yard. Certainly, when I visited Ysgol Gymraeg Pwll Coch on Monday, the headteacher was pleased to tell me that the language of the playground was very much Welsh. That is a relatively common occurrence in Welsh-medium schools.

[177] There are real challenges in encouraging young people to use Welsh in social settings—and I do not think that members of this committee would be surprised to hear me saying that. Sometimes, that is to do with the absence of appropriate provision; sometimes it is due to a lack of awareness of services that may be available in Welsh. I am encouraged by the way in which users of the language have developed the Welsh language in a number of online and new media settings, for example, and we would want to encourage that. These are questions that are very much at the heart of this strategy, and I would expect the strategy to determine the priorities for funding in the future.

[178] **Bethan Jenkins:** Cyn i mi ofyn fy nghwestiwn, hoffwn gytuno â hynny, ac erfyniaf arnoch, fel rhan o'ch strategaeth, i edrych, er enghraifft, ar weithwyr ieuencid sy'n gweithio yn y gymuned. Yn ôl y mentrau iaith—yn fy ardal i, beth bynnag—mae gormod o ddibyniaeth arnynt i ddarparu gwasanaethau Cymraeg yn hytrach na'u bod yn rhan o wasanaethau cynhenid y cynghorau. Felly, erfyniaf arnoch i ystyried hynny ymhellach.

Bethan Jenkins: Before I ask my question, I would like to agree with that, and I would urge you, as part of your strategy, to look, for example, at youth workers who work in the community. According to the *mentrau iaith*—at least, those in my area—there is too much dependency on them to provide Welsh-language services, rather than them being an integral part of the councils' services. So, I urge you to consider that further.

[179] Mae fy nghwestiwn ynglŷn â'r cynllun dysgu Cymraeg fel ail iaith. A ydych chi'n credu bod y gyllideb a ddyrennir yn y broses hon yn ddigonol i ganiatáu i chi gyrraedd y targedau pum mlynedd a 10 mlynedd yn ystrategaeth addysg cyfrwng Cymraeg?

My question is to do with the scheme for teaching Welsh as a second language. Do you believe that the funding allocated under this process will be sufficient to enable you to meet the five-year and 10-year targets within the Welsh-medium education strategy?

[180] **Leighton Andrews:** On the first point that you raised, I hear what you say. You are one of many people who are currently lobbying me about how money should be spent in the future. However, let me try to get the strategy agreed and we can work out the funding priorities after that.

[181] In respect of the delivery of the Welsh-medium education strategy, it is an important manifesto commitment for the Government. We are protecting current budget levels. We are only just over a year into the implementation of the strategy, so it is probably premature to conclude how the strategy is being developed. As I said earlier, we published the first report in June of this year. Some of what we are doing will be supported and developed further by the commitments that we have for putting Welsh-in-education strategic plans on a statutory basis, which will be addressed in the forthcoming the schools and standards Bill, and by the work that we will undertake to ensure that local authorities make proper assessments of the demand for Welsh in the community and the need for better Welsh-medium provision in their

communities.

[182] **Bethan Jenkins:** Sonasioch am y Bil ysgolion a safonau; a wnewch ehangu ar hynny ac egluro a fydd y gyllideb ddrafft yn adlewyrchu'r ffaith y bydd y Bil hwn yn cynnwys cynlluniau strategol ar gyfer addysg cyfrwng Cymraeg ar lefel statudol cyfartal?

Bethan Jenkins: You mentioned the schools and standards Bill; will you expand on that and clarify whether the draft budget will reflect the fact that this Bill will include Welsh-medium education strategic plans on an equal statutory level?

[183] **Leighton Andrews:** Yr wyf yn awgrymu bod yr Aelod yn darllen yr araith a draddodais yng nghynhadledd Rhieni dros Addysg Gymraeg ddydd Sadwrn.

Leighton Andrews: I suggest that the Member reads the speech I gave to the Rhieni dros Addysg Gymraeg conference on Saturday.

[184] **Rhodri Glyn Thomas:** Ar fater gwahanol, gan fod amser yn caniatáu, o ran y ffordd y mae Llywodraeth Cymru yn delio â'r iaith Gymraeg yn gyffredinol, yr wyf yn derbyn nad oes gennych gyfrifoldeb penodol am hynny, ond byddwn yn tybio mai gyda chi y mae'r cyfrifoldeb yn y pen draw fel y Gweinidog sy'n gyfrifol am yr iaith Gymraeg. Mae Comisiwn y Cynulliad newydd gynnal ymgynghoriad ynglŷn â'r Bil gwasanaethau dwyieithog yr ydym yn ei gyflwyno. Cefais gwynion lu, ond yr oeddent am Lywodraeth Cymru yn hytrach na chyfrifoldebau'r Comisiwn. Er enghraifft, cafwyd cwynion bod gohebiaeth yn mynd allan yn uniaith Saesneg, hyd yn oed pan oedd yr ohebiaeth wreiddiol yn Gymraeg. Yn ddiweddar, cafwyd sefyllfa ryfedd lle yr oedd gwahoddiadau ar gyfer agor y ffordd osgoi ym Mhorthmadog, o bob man, yn uniaith Saesneg, hyd yn oed i Gyngor Tref Porthmadog. A oes modd y gallwch bwysu ar eich cyd-Weinidogion i sicrhau o fewn eu hadrannau fod yr iaith Gymraeg yn cael ei chydabod yn y ffordd honno er mwyn ceisio lleihau'r enghreifftiau hyn? Yr wyf yn siŵr eich bod yn ymwybodol fy mod yn cael cwynion cyson am hynny.

Rhodri Glyn Thomas: On a different issue, because time allows, with regard to the way in which the Welsh Government deals with the Welsh language generally, I accept that you do not have specific responsibility for that, but I would assume that responsibility ultimately lies with you as the Minister with responsibility for the Welsh language. The Assembly Commission has just held a consultation on the bilingual services Bill that we are introducing. I received a host of complaints, but they were about the Welsh Government rather than the Commission's responsibilities. For example, complaints were received that correspondence is going out in English only, even when the original correspondence was in Welsh. There was a bizarre situation recently where the invitations to the opening of the new bypass in Porthmadog, of all places, were in English only, even to Porthmadog Town Council. Is there any way in which you can press your fellow Ministers to ensure that the Welsh language is acknowledged in that regard within their departments so that there are fewer examples of this? I am sure that you will be aware that I receive complaints constantly about that.

[185] **Leighton Andrews:** Mae'n bwysig bod y Llywodraeth yn arwain ar y pwnc, ac yr wyf yn fodlon ysgrifennu at y Gweinidogion eraill i'w hannog i ddatrys y sefyllfa yn eu hadrannau.

Leighton Andrews: It is important that the Government leads on the subject, and I am willing to write to the other Ministers to encourage them to sort out this situation in their departments.

[186] **Peter Black:** If the speech that the Minister gave to the RhAG conference is so important in terms of his policy, will he make a statement on it in the Assembly so that we can scrutinise him on it? [*Laughter.*]

[187] **Ann Jones:** That is outside the remit of this committee.

[188] **Bethan Jenkins:** He makes a good point, though; it is difficult for us to scrutinise if we have to rely on looking at external speeches as a scrutiny process.

[189] **Leighton Andrews:** I was trying to be helpful, actually.

[190] **Rhodri Glyn Thomas:** It has backfired.

[191] **Bethan Jenkins:** You can send us a link then.

[192] **Leighton Andrews:** Going back to the question that was asked, what I was trying to do in that speech was to illustrate how we will implement the manifesto commitment; I do not think that there is necessarily anything new in the speech in policy terms. It relates to things that we have already said in the White Paper that was published last week on the schools and standards Bill. So, I think that the policy has already been put before you in the proper way.

[193] **Ann Jones:** Okay, thank you. Are there any more questions to the Minister? I see that there are none. Thank you for coming; I think that we have covered a lot of ground. You will be sent a copy of the transcript to check for accuracy. Thank you also to your officials.

11.00 a.m.

Craffu ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2012-2013: Edwina Hart AC, y Gweinidog Busnes, Menter, Technoleg a Gwyddoniaeth
Scrutiny of Welsh Government Draft Budget Proposals 2012-2013: Edwina Hart AM, Minister for Business, Enterprise, Technology and Science

[194] We welcome Edwina Hart, the Minister for Business, Enterprise, Technology and Science, and Roger Pride, director of marketing in the Minister's department. This evidence session is about tourism and major events, which come under our responsibility as a committee. Minister, do you have any opening comments?

[195] **The Minister for Business, Enterprise, Technology and Science (Edwina Hart):** I apologise that my director of finance is not able to be with us this morning. If there are extremely technical questions on finance, we would be grateful if we could write to you.

[196] **Ann Jones:** That is fine. Thank you, Minister.

[197] **Joyce Watson:** Good morning, Minister, and thank you for your paper. According to the Welsh Government's draft budget document, you are in the process of reviewing your portfolio's spending plans to ensure that they are focused on the commitments made in the programme for Government. To what extent do your budgets for tourism and major events currently reflect the commitment in the programme for government?

[198] **Edwina Hart:** I think that we can all agree that that programme for government clearly reflects tourism as a major, strategic part of my agenda. It is important that tourism is part of the wider economic agenda, because it has a role to play in sustainable businesses across Wales. Investing in the quality of the tourism business was one of the key areas that we have been looking at. Developing tourism in niche markets is an area that people have been particularly keen on. I think that it was Darren Millar who mentioned religious and cultural tourism in another committee meeting, so, along with heritage tourism, there are several niche markets where we need to deliver. Some very good points have been made about industrial areas of Wales, and what more we should do in terms of industrial heritage tourism. I am thinking in particular of Afan Argoed and places like that, where there is a lot more that we can deliver for niche markets and activity holidays.

[199] There is also the question of securing the maximum benefit from major events. It is difficult sometimes to quantify how Wales is seen in the world, and how Wales might not be seen, and what actual benefits, direct or indirect, will flow from major events. The other area, of course, is extending the tourism season, which is very important—it is about how you can do more in the autumn and winter months, and what you can attract in to extend the tourism season. We are well-known for bucket-and-spade holidays and beautiful scenery, but there is a lot more to tourism in Wales than that. We can also extend the length of the break that visitors take, in the hope that they will spend more money. The other issue for us is improving the visitor infrastructure. I am not certain that we have that right in a number of ways. When people visit an area of Wales, it would be nice for them to click a button and see every event that is going on in that area. That can happen in certain parts of Wales, but not right across Wales. I have said to officials that it is not just about events such as the Swansea music festival; sometimes, it might be nice to know about a Tenovus fete, and on a rainy Saturday afternoon, you might want the input of local people on local events, as that could give visitors a feel for Wales and what we can offer.

[200] There has to be a big investment in staff training and management. Sometimes, in the hospitality industry, that can leave a lot to be desired. The point is that people seem to focus on it. There is nothing wrong with using students and young people, but we have to see it as being a career opportunity, with proper training and the development of services. We have to place a higher value on the individuals in that industry. The way that you are greeted when you enter a hotel or a bed and breakfast establishment is extremely important. They can give you more information; they can say, 'It's lovely that you've come', and after a conversation, they can say, 'If you are planning to do something other than eat here tonight, we have this or that going on.' We need that type of training, and we need to see training progression.

[201] Those are the key elements. Linking to my budget, I think that the immediate priorities that I have outlined are reflected in that. Roger might want to add something about the major events issue and the importance of that, and how we try to analyse events to see how they impact on Wales in the world.

[202] **Mr Pride:** Major events are vital in two ways. There is the direct economic impact that they provide, but there is also the wider, reputational benefit for Wales. One of the big marketing challenges that Wales faces generally is to be talked about in the world, and major events provide an opportunity to create 'talkability' around Wales. I think that we demonstrated that with the Ryder Cup, and we will continue to try to evidence that in all the major events that we are involved with.

[203] **Edwina Hart:** In terms of events, it is clear that we do not just concentrate on things like the Ryder Cup. It is very important that we look at events across Wales that might not be major in the sense of Wales, but are major for the locations where they are held. We have done a considerable amount of work in supporting smaller events that have significant regional interest and attract quite interesting people. When I read some of the things that I am asked to sign off, I might not recognise the event—there was one recently to do with comedy, and I am not a comedian, so I was not sure what the event was about. However, I understand that a lot of people were interested in that type of event. When we look at events, it is important that we look at the niche markets that are available and recognise that an awful lot of people from across the UK and wider are prepared to come to Wales. So, it is good to hold an event, but then we have to look at our tourism infrastructure around that and whether we would supply the necessary number of beds in accommodation, whether it is camping or caravanning and so on, to allow people to come and enjoy themselves. That is a key area of development for us.

[204] **Joyce Watson:** Thank you for your detailed answer, Minister. The draft budget

document also states that your department's expenditure plans may be subject to change. We now know that that will be the case, either in the short or medium term. Can you indicate any areas of your tourism and major events budget that you expect to change significantly? If you cannot, when can we expect some announcements?

[205] **Edwina Hart:** I think that we have had an overall reduction in the budget of 1.4 per cent. Am I right, Roger?

[206] **Mr Pride:** It is a marginal reduction.

[207] **Edwina Hart:** We are looking carefully at our priorities. Of course, we have looked at all opportunities to generate efficiency savings, have we not, Roger? We have been through every budget line and we have made some efficiency savings. Do you want to tell the committee what areas we have looked at?

[208] **Mr Pride:** In terms of the overall budget, we have tried to cut back to ensure that we buy advertising as efficiently as possible and that we cut out areas where we think that we are not getting the appropriate return on investment. In terms of the overall budget, the reduction is marginal.

[209] **Rhodri Glyn Thomas:** Gan eich bod wedi trafod digwyddiadau mawr, efallai ei bod yn briodol i mi ofyn fy nghwestiwn i yn awr. Yr wyf yn cytuno â chi, Weinidog, bod yn rhaid edrych ar ystod o ddigwyddiadau drwy Gymru, ac nid yn unig ar un digwyddiad mawr fel y Cwpan Ryder, a oedd yn ddigwyddiad eithriadol o fawr. Mewn gwirionedd, buom yn paratoi ar gyfer hynny am ryw bum mlynedd. Fodd bynnag, mae gostyngiad yn eich cyllideb ar gyfer digwyddiadau mawr. Yr wyf yn derbyn bod yn rhaid i chi wneud toriadau yn rhywle gan fod y toriadau sy'n cael eu cyflwyno gan Lywodraeth y Deyrnas Unedig yn cael effaith ar gyllidebau pawb. A ydych yn poeni y bydd y gostyngiad hwn yn y gyllideb ar gyfer digwyddiadau mawr yn golygu y bydd yn anodd i chi gystadlu ar gyfer rhai o'r digwyddiadau hynny?

Rhodri Glyn Thomas: As you have mentioned major events, perhaps it is appropriate that I ask my question now. I agree with you, Minister, that we must consider a range of events throughout Wales, and not just one big event like the Ryder Cup, which was an exceptionally large event. In fact, we were preparing for that for about five years. However, there is a reduction in your budget for major events. I accept that you have to make cuts somewhere, because the cuts that are being introduced by the UK Government are having an impact on everyone's budgets. Are you concerned that this reduction in the budget for major events will mean that it will be difficult for you to compete for some of those events?

[210] **Edwina Hart:** No, I do not think that it is making it too difficult for us to compete for major events. We have an extremely slick operation internally to deal with major events, which was illustrated by the Ryder Cup. Obviously, if we were going for something mega mega, we would have to look at the resource implications and that would require me to have discussions with the Minister for Finance. I think that we still have £5 million allocated for events outside Cardiff. We have £5 million, have we not, to support events across the piece?

[211] **Mr Pride:** The total budget is just short of £5 million. There is a provision within the tourism budget that augments the major events budget, so the total budget is about £4.9 million.

[212] **Edwina Hart:** It is important to recognise that you really have to be up to standard when you are competing for these things. It is easy for people to say that you can do things on the cheap and do them differently, but when you are competing in the UK against Scotland,

Northern Ireland and England, they will be prepared to put the resources in to get events. There is a lot of people time in it, there is a lot of time spent explaining things and sometimes the glitz of it is actually quite important, in relation to who you put up to front it and who deals with it. In these difficult economic times, it is sometimes difficult to explain these issues, but it is important that we recognise across the Assembly, and that the committee recognises, that sometimes you have to pay money out to get the investment back in. Sometimes, it does not seem that tangible until you get to the end game and you look back. In terms of the Ryder Cup, when we look at the interest and the increase now in golfing activities, all the money that was spent on that has really made a tremendous difference all across Wales, for some quite small clubs and venues, and we will continue to build on it. So, it was a worthwhile investment in terms of the profile of Wales in the world and getting further business in, which is the whole object of the exercise.

[213] **Mr Pride:** At £4.9 million, the major events budget is very competitive with that of Scotland, and the decline of the regional development agencies in England makes Wales very competitive in this area. When we negotiate with event organisers these days, we try to ensure that there are performance incentives built into the contribution that we make.

[214] **Bethan Jenkins:** Yr wyf yn cydnabod bod llawer o fudiadau wedi elwa o'r uned hon. Fodd bynnag, yn y pwyllgor yn y Cynulliad diwethaf, gwnaethom waith ar hyn ac yr oedd llawer o'r mudiadau llai yn poeni nad oedd staff yr uned hon yn gallu eu helpu'n ddigonol—gan ddweud nad oeddent yn ddigon rhagweithiol ac nad oeddent yn eu helpu gyda chyllidebau penodol, cyllidebau *legacy* ac yn y blaen. A fydd y ffaith bod y gyllideb hon yn lleihau yn golygu na fydd rhai mudiadau yn gweld digwyddiadau yn cael eu cynnal oherwydd diffyg cefnogaeth gan y Llywodraeth?

Bethan Jenkins: I recognise that many organisations have benefited from this unit. However, in the committee in the last Assembly, we undertook work on this, and a lot of smaller organisations were concerned that staff within the unit could not help them adequately—saying that they were not proactive enough and that they did not help them with specific budgets, legacy budgets and so on. Will the fact that this budget is being reduced mean that some organisations will not see events taking place because of a lack of support from the Government?

[215] **Edwina Hart:** We have tried to keep faith with organisations when we have been dealing with events, even through a difficult period. I do not recall receiving any correspondence since I have been Minister that has been critical of the approach that my civil servants have been taking in the major events unit. Roger, have you had any direct comments from the sector?

[216] **Mr Pride:** No, not generally. We have to remember that it is a major events fund—it is not a fund to fund any event throughout Wales. There are other ways in which those can be resourced. Within the overall budget, there is provision for growth events—that is, events that are relatively small but have the potential to grow. I think that there is £250,000 for that. We are aware of the need to grow events outside Cardiff, which has infrastructure that allows it to compete on a world scale, but there are other parts of Wales that can also benefit from major events. I am not aware of any specific criticism on that.

[217] **Bethan Jenkins:** That arose in the previous Assembly, but I flagged it up because it may still be relevant. However, if you have not had any complaints, that makes me happy.

[218] **Edwina Hart:** There are obviously difficulties when people try to organise events because there are difficulties in accessing cash. Some events that do not have a background or track record of doing anything and are new to the market might find it difficult in these straitened economic times, because it would be probably difficult to find sponsorship from companies. We have to recognise that and that is why it is so important that we utilise and

maximise our budget in the Welsh Government to support events that raise Wales's profile, attract investment and can be used for other business opportunities.

[219] **Mike Hedges:** A lot of these events have a long lead time. I do not expect you to answer this as a number of years, but do you have a plan regarding how often you would hope to have the Rugby World Cup in Wales? [*Laughter.*] How often do you think that Wales ought to be getting it?

[220] **Edwina Hart:** I do not know whether there have been discussions about the Rugby World Cup among officials. Obviously, it is a major event, and perhaps we will have to have a think about whether we want to attract it to Wales, in light of Wales's excellent performance. A substantial amount of work was done when it came to Wales, but do we have any idea of the cost to nations of running the Rugby World Cup, Roger?

[221] **Mr Pride:** I do not have direct information on that, but every time the Rugby World Cup comes to the northern hemisphere, Wales has a proportion of the tournament—or has done so in the past and will do when it comes back in four years' time. Even when we were the official hosts of the event, a lot of the matches took place outside Wales; therefore, in my opinion, the economic benefit was not maximised. At the time, we made recommendations that, from the semi-final phase onwards, the genuine host nation should enjoy all of those benefits. If you recall, in 1999, the semi-finals were in Twickenham, so we did not maximise awareness and economic benefits at that time. If we ever become the official host nation again, we need to argue for that.

[222] **Rhodri Glyn Thomas:** Can you get a clause in the agreement regarding what referees are used?

[223] **Edwina Hart:** Do you want me to send officials to participate in the refereeing process?

[224] **Ann Jones:** We are not going down that route; we are going to move on.

[225] **Mike Hedges:** Wales will inevitably draw the Rugby World Cup sometime in the next 40 years. There are only about eight to 10 countries in the world that are capable of holding it, so Wales is bound to be one of those. Do you have a plan, based on talks with the Welsh Rugby Union, as to when it would be the right time to do it?

[226] **Edwina Hart:** We have regular discussions with the Welsh Rugby Union and I am sure that they will come into focus if it thinks that there is a sniff of a chance of being able to host the Rugby World Cup.

11.15 a.m.

[227] **Ann Jones:** We are going to move on now, because we do not want to get bogged down with this, even though our committee deals with sports. Ken will now ask his question.

[228] **Kenneth Skates:** I am a passionate supporter of the Ryder Cup, but we won the bid for that because we were the most united bidder. Scotland was throwing money at the bid, but they could not even decide which course would host it, whereas the Welsh Government worked closely with local authorities. That is a strong message: local authorities have a role to play. Within your immediate priorities for tourism and major events, what outcomes do you expect to see as a result of those priorities?

[229] **Edwina Hart:** We expect to see an increase in the knock-on economic benefits of major events. However, one of the major events that is going on currently, which is not going

on in Wales in the main, is the Olympics. There are issues for us in terms of how we can try to engage in further work on the back of the Olympics, because we have not been fortunate in attracting events to Wales. I mentioned Afan Argoed earlier, which would have been ideal for cycling. It is a course designed in heaven; there would have been no need to manufacture one elsewhere. So, we are exploring issues about the Olympics. I have spoken to the UK Government's Minister for Tourism and Heritage about what more we can do to benefit from the Olympics, as a major event, in Wales. We have looked at marketing issues in discussions with the English department. Do you want to update the committee, Roger, because I think that they would be quite interested in that?

[230] **Mr Pride:** There are plans to run a campaign in the UK to convince UK citizens to holiday at home in 2012. Originally, that was going to be an England-only focused campaign. However, we have been in discussion with the Department for Culture, Media and Sport and, although it has not been entirely resolved yet, the intention is that we will benefit from that £3 million to £4 million campaign. Wales would be included directly in it, and we will align a proportion of our work with that campaign to maximise the benefits.

[231] **Edwina Hart:** It is important to maximise the benefits of the Olympics in 2012, even if it just means that people are taking holidays to see things that are going on in Wales, and to encourage people to stay home in 2012. We were pleased that the UK Government adopted this approach, and even more pleased that they will hopefully be Greeks bearing gifts and money.

[232] **Ann Jones:** Joyce, you had a question about Olympic funding. Has the Minister answered your question?

[233] **Joyce Watson:** Yes, it is pleasing to hear that, despite the UK Government announcing that the £3 million of funding was to be an England-only pot of money and therefore we would not get any additional money or Barnett consequential for Wales, you are now in there, having negotiations with the UK Government. However, does that mean that there will be additional allocations for tourism or major events in the budget, coming from that £3 million pot? Has there been a change in the mindset?

[234] **Mr Pride:** The way that discussions are proceeding at the moment is that we want to align the whole of that budget to include Wales. So, rather than hive off a proportion of it, we want it to be a genuinely whole-UK stay at home campaign in which Wales is well represented. We do not want to siphon off a proportion of that, which we would have to match fund, and divert funds away from our already planned campaigns.

[235] **Edwina Hart:** We have discussed this and we think that the tack that we are taking is better value for money. It is better not to divert money, but to use the brand of the UK for the stay at home campaign, with all the nations involved, in order to maximise our potential.

[236] **Ann Jones:** Do you have a supplementary question, Ken?

[237] **Kenneth Skates:** When it comes to the Olympics, it is difficult to make a profit. I think that Los Angeles was the only Olympics to record a profit. The important thing is that if we are going to market Wales, it has to be as part of the UK. Doing it separately is probably not viable.

[238] **Edwina Hart:** It was interesting to note that restaurateurs and others were commenting over the weekend in the newspapers about the fact that they thought they would lose trade due to the Olympics. The Olympic Games is a wonderful spectacle, and it is wonderful if people can afford to attend, which is an issue if you are not London-based, and it will be spectacular on television, but at the end of the day we have to look carefully at what

real economic benefits it is going to bring to the country.

[239] **Mark Isherwood:** Allocation to the tourism spending programme is 3.8 per cent in real terms next year. What effect will this have on your department's ability to support the tourism industry in Wales, in general and in specific areas? I will refer to a couple of specifics that you referred to earlier. You referred quite rightly to the importance of training. Llandrillo college, which is possibly the best centre for hospitality training in Wales, also highlights a problem for attention. We have excellent trainees with appropriate qualifications often leaving Wales to work in other parts of the UK and overseas where they have more 5-star and silver-service establishments. Secondly, you mentioned heritage tourism. With regard to maximising projects such as the Pontcysyllte world heritage site and the wider regeneration of the Dee Valley area, last year, the Welsh Government announced a regeneration partnership in north-east Wales. Will that still be supported?

[240] **Edwina Hart:** We will try to support everything that we currently have within our budget provision, but we will obviously have to look very carefully at any future support that we give to projects. We are also looking at further projects in Wales to support tourism regeneration. I am particularly interested in looking at the railway issue around Porthmadog, up in Gwynedd, and Blaenau Ffestiniog, which is a difficult area—it is a Communities First area. We need to bring that into an integrated tourism project that we are currently looking at in the department. I will not pretend that it is easy when you have budget cuts, but we have achieved efficiency savings and we are not currently encountering difficulties with work that we are undertaking.

[241] **Mark Isherwood:** What about the issue of the retention of trainees?

[242] **Edwina Hart:** It is important that there is a training agenda elsewhere in the industry. We are not directly supporting major training projects.

[243] **Mr Pride:** Through the regional tourism partnerships, there is tourism training provision. I am not aware that the reductions are going to have a significant impact on that.

[244] **Gwyn R. Price:** What assessment have you made of the potential impact of capital reductions on the tourism budget for the coming financial year?

[245] **Mr Pride:** The overall capital budget is still relatively healthy. We also made an approach for additional funding from the centrally retained capital fund to augment the tourism investment support scheme budget. As with any budget, the number of applications that one receives is usually more than the total budget available, so, obviously, important decisions and prioritisation have to take place. However, we are talking here about reductions at the margins generally. If we are successful in securing these additional funds, the budget will be, in relative terms, very healthy.

[246] **Gwyn R. Price:** Are there any projects that will not be carried forward?

[247] **Mr Pride:** I am not aware of any.

[248] **Edwina Hart:** I am not aware of any either.

[249] **Peter Black:** On a question that is very close to my heart, Minister, your paper notes that one of the strategic priorities over the budget period is to support a programme of growth for events outside Cardiff.

[250] **Edwina Hart:** Yes.

[251] **Peter Black:** Can you give some examples of where you envisage undertaking these outside Cardiff and the benefits that you expect to achieve as a result?

[252] **Edwina Hart:** Do you want to go through some of the events that we are doing, Roger? There are loads.

[253] **Mr Pride:** Obviously, we can provide you with detailed information on all of the individual events, but I will pick one example to give you now. I said earlier that there are certain major events that only Cardiff could host, because of the infrastructure. However, take something such as the Ironman Wales event, for example, which was hosted about a month ago in Pembrokeshire. It made a significant contribution to the economy in the area and to the visibility of the area. The Minister also referred to the comedy festival in Machynlleth. It was a relatively small event, but had an important impact for Machynlleth. There are events being supported in the Valleys. We are in continual negotiation with the national sporting bodies to try to identify UK national and international events that we can attract to Wales and host outside the Cardiff area.

[254] **Edwina Hart:** I was discussing with Roger this morning that the Wales team had been very successful at the Commonwealth Youth Games. We were fifth in the league table, and I was discussing with Roger the possibility of our bidding for the Commonwealth Youth Games somewhere along the line. Given the limitations on the number of sports involved, it would not necessarily have to be a Cardiff-based venue—it could be based elsewhere. We have to start thinking about more of these things—thinking about where there are suitable venues for things elsewhere so that we can showcase more of Wales than just Cardiff, where all the infrastructure is in place. If you are happy, Chair, we can send you a list of the various projects that we have supported outside Cardiff and an indication of other events that we are considering.

[255] **Peter Black:** Minister, Sheffield's experience with the youth games might be worth making a note of.

[256] **Mike Hedges:** That was the student games.

[257] **Peter Black:** It was, but it is still a youth competition. The other point that I wanted to make was that a lot of local authorities have their own marketing budget and get involved in these promotional events. How closely do you work with local authorities in identifying events and assisting them in bringing those events to their areas?

[258] **Edwina Hart:** The department's marketing budget is relatively untouched by the cuts. There is a close relationship between my officials and those involved in marketing. We only have to look at Swansea City Football Club's rise to the premiership. We had a good discussion and came to an accommodation with Swansea city and the stadium about how we could market Wales on the back of the club going into the premiership. It has involved issues such as whether we advertise Swansea and Wales on Sky and so on. That gives an indication of our good working relationship. You might want to comment, Roger, because I think that we work well with local authorities.

[259] **Mr Pride:** In a general tourism sense, we have a working group that includes representatives from across all local authorities. We do co-ordinated marketing, where the marketing area partnerships work collaboratively with us. On major events, one of the key things that we want to achieve is the active engagement of local authorities. By that, we mean that, when we put a funding package together for an event, we want to try to ensure that there is a commitment from the local authority as well. It may not always be a cash commitment; it may be help in other ways. For example, for the Ironman Wales event, we had the active collaboration of the local authority with regard to road closures and the infrastructure

developments that needed to take place. One of the roles of the major events team is to increase the capacity for major events in Wales. Skills, capacity, knowledge and active engagement with local authorities are key to that work.

[260] **Bethan Jenkins:** Pa geisiadau a **Bethan Jenkins:** What bids have you made wnaed gennyh i'r cynllun buddsoddi i to the invest-to-save programme? Do you arbed? A oes gennyh fanylion am y have details of those bids? ceisiadau hynny?

[261] **Edwina Hart:** We have not made any bids to the invest-to-save programme in this part of my portfolio.

[262] **Bethan Jenkins:** A oes rheswm pam **Bethan Jenkins:** Is there a reason why you nad ydych wedi gwneud cais o'r fath? have not made a bid?

[263] **Edwina Hart:** There was not the proper identification across the portfolio.

[264] **Mike Hedges:** What efficiency savings have been made within the tourism and major events spending programme areas, and how do you intend to monitor the impact that these savings may have on service delivery?

[265] **Edwina Hart:** Chair, we have identified the efficiency savings in a response to an earlier question.

[266] **Janet Finch-Saunders:** We all welcome the announcement that tourism is one of your three new priority sectors. Will the recognition of tourism as a priority sector result in the industry being able to access funds additional to those that it was unable to access before the announcement?

[267] **Edwina Hart:** Obviously, the tourism sector panel is only just about to meet. It might interest the committee that Dan Clayton Jones is to chair the panel. The other members will be Mike Morgan, co-owner of Welsh Rarebits, Menna Heulyn, co-owner of Harbourmaster Hotel, Aberaeron, Paul Lewin, managing director of Ffestiniog and Welsh Highland Railways, Sir Brooke Boothby, owner of Fonmon Castle, Philip Lay, retail director at SA Brains, Dr Manon Williams, private secretary to the Prince of Wales, and Margaret Llewellyn, former managing director of Dragon Shipping Line. They represent a wide breadth of experience. The panel will, obviously, look at its priorities with regard to the areas that it wishes to concentrate upon. If it comes up with any ideas that require a budget or schemes, I will look at them through the budget process. I will issue a note, formally, to all AMs about the full composition of all panels next week.

[268] **Gwyn R. Price:** What bids has your department made in the areas of tourism and major events to the centrally retained capital fund for 2012-13?

[269] **Mr Pride:** We have made a request for additional funds to augment the tourism investment support scheme budget. I believe that we have made an application for £2 million next year and £2 million the subsequent year.

[270] **Mike Hedges:** My final question is in two parts. The first part relates to the use of digital techniques to advertise Wales. As you know, when people are looking to visit places, the first thing that they do is not to send for a brochure, but to visit the internet.

11.30 a.m.

[271] The second part is on joint tourism with Ireland. There are opportunities with the

number of ferries coming across to Pembroke, Swansea and Holyhead, and a number of things are happening on both sides of the sea where people could spend four days in Ireland and three days in Wales, or the other way round. We could benefit from Irish tourism, and Ireland could benefit from Welsh tourism.

[272] **Edwina Hart:** Yes. The Irish Consulate has been to see me to discuss linking tourism between Ireland and Wales. That is a good idea and a way to enhance visitors' experiences. I am waiting for it to come back with further information for discussion. On digital marketing, we have a good operation. We are putting a greater emphasis on digital marketing. Roger, would you like to say a few words about some of the areas in which we are involved that the committee might not be aware of?

[273] **Mr Pride:** You are right, digital marketing is critical in going forward. In many markets, it is the only way in which we can get convincing messages out about Wales. Some two years ago, we invested in creating a skilled digital marketing team within tourism and marketing. As a result, the relevance, significance and performance of the visitwales.com website have grown. There are two things linked to this. First, it is not only about the website; it is about how to get Wales content, Wales stories and Wales good news on all digital channels. That is something that we have really developed. Major events have a very important role to play in that. Secondly, digital marketing does not work in isolation. What drives most people to the website is offline advertising about Wales. If we are visible offline, it drives many people to type Wales into the Google search engine, or any other search engine, to find out more. We need a balance between digital and offline, and they have to be integrated.

[274] **Ann Jones:** Members have three supplementary questions, but as we are running out of time, we will hear them together, and then you can answer.

[275] **Peter Black:** To what extent are you using social media to promote Wales?

[276] **Joyce Watson:** How are you using major events held in Wales? I am talking specifically about extending the market to things such as bird watching—I am a member of the Royal Society for the Protection of Birds—photography and walking, which are clearly linked together. There has been focus on *Springwatch* and *Autumnwatch* and the starlings in Aberystwyth in the autumn.

[277] **Bethan Jenkins:** Within the media task and finish group, 'convergence' is the buzz word. How are you addressing that, and are you talking to the independent sector to create new ways of advertising Wales to the world?

[278] **Edwina Hart:** The answer to Bethan's question is 'yes'. The answer to Joyce's question is 'yes', although we would like more notice when things are going on, and we need better links to know when things are going on. Peter is quite right, we are very active in social media and many people 'follow' us.

[279] **Mr Pride:** We have 190,000 Facebook followers and our recent 'Wales want Piers Bramhall' campaign was designed around social media. We recently invited Assembly Members to come to see what we have been doing on that front.

[280] **Ann Jones:** Minister, thank you for coming in. You will receive a copy of the transcript to check for accuracy. I remind Members that our next meeting is on 3 November when we will hold the first evidence session of our housing inquiry. I formally close the meeting.

Daeth y cyfarfod i ben am 11.34 a.m.

The meeting ended at 11.34 a.m.